

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION

IN RE:)
SPHERATURE INVESTMENTS) Chapter 11
LLC, et al.)
) CASE NO. 20-42492
-----)
)
SPHERATURE INVESTMENTS)
LLC, et al. d/b/a WORLD)
VENTURES HOLDINGS, LLC,)
Plaintiff,)
)
VS.) Adversary No. 21-04058
)
KENNETH E. HEAD,)
Defendant.)

ORAL, VIDEOTAPED AND VIDEOCONFERENCED

DEPOSITION OF

MICHAEL POATES

AS CORPORATE REPRESENTATIVE

March 10, 2021

VOLUME 1

(Reported remotely in Denton County, Texas)

<p style="text-align: right;">Page 2</p> <p>1 ORAL, VIDEOTAPED AND VIDEOCONFERENCED DEPOSITION OF</p> <p>2 MICHAEL POATES AS CORPORATE REPRESENTATIVE, produced as</p> <p>3 a witness at the instance of the Defendant, was taken in</p> <p>4 the above-styled and numbered cause on March 10, 2021,</p> <p>5 from 12:57 p.m. to 2:04 p.m., before Jamie K. Israelow,</p> <p>6 Certified Shorthand Reporter in and for the State of</p> <p>7 Texas, Registered Merit Reporter and Certified Realtime</p> <p>8 Reporter, reported by machine shorthand, with the</p> <p>9 witness appearing remotely at the offices of Foley &</p> <p>10 Lardner, LLP, located at 2021 McKinney Avenue, Suite</p> <p>11 1600, in the City of Dallas, County of Dallas and State</p> <p>12 of Texas, Regarding the COVID-19 Disaster status, and</p> <p>13 the provisions stated on the record or attached hereto;</p> <p>14 that the deposition shall be read and signed before any</p> <p>15 notary public.</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>	<p style="text-align: right;">Page 4</p> <p>1 INDEX</p> <p>2 Appearances 3</p> <p>3 Stipulations 5</p> <p>4 MICHAEL POATES AS CORPORATE REPRESENTATIVE</p> <p>5 EXAMINATION BY MR. HOODENPYLE 5</p> <p>6</p> <p>7 Corrections and Signature 52</p> <p>8 Reporter's Certificate 54</p> <p>9</p> <p>10 (Exhibits provided electronically to the reporter</p> <p>11 and only the exhibits referred to are attached)</p> <p>12 EXHIBITS</p> <p>13 NO. DESCRIPTION PAGE</p> <p>14 Exhibit 6 E-mail chain, top e-mail dated 38</p> <p>15 January 8, 2021, to John Kelly and</p> <p>16 others from Eddie Head</p> <p>17 Exhibit 7 E-mail chain, top e-mail dated 41</p> <p>18 January 8, 2021, to Boaz Yadin and</p> <p>19 John Kelly from Izhak Ben Shabat</p> <p>20 Exhibit 23 E-mail chain, top e-mail dated 13</p> <p>21 10/7/2020, to Eddie Head from</p> <p>22 Izhak Ben Shabat</p> <p>23 Exhibit 25 E-mail chain, top e-mail dated 21</p> <p>24 10/20/2020, to Eddie Head and</p> <p>25 others from John Kelly</p> <p>26 Exhibit 36 E-mail chain, top e-mail dated 34</p> <p>27 11/16/2020, to Wayne Nugent and</p> <p>28 others from Eddie Head</p> <p>29 Exhibit 53 Conference call invite, dated 24</p> <p>30 October 23, 2020</p> <p>31 Exhibit 55 Plaintiffs' Objections and 8</p> <p>32 Responses to Defendant's Corporate</p> <p>33 Representative Topics</p> <p>34</p> <p>35</p> <p>36</p> <p>37</p> <p>38</p> <p>39</p> <p>40</p> <p>41</p> <p>42</p> <p>43</p> <p>44</p> <p>45</p>
<p style="text-align: right;">Page 3</p> <p>1 REMOTE APPEARANCES</p> <p>2</p> <p>3 FOR THE PLAINTIFF:</p> <p>4 Mr. Robert Slovak</p> <p>5 Mr. Steven C. Lockhart</p> <p>6 Mr. Brandon C. Marx</p> <p>7 FOLEY & LARDNER, LLP</p> <p>8 2021 McKinney Avenue, Suite 1600</p> <p>9 Dallas, Texas 75201</p> <p>10 214.999.4334</p> <p>11 214.999.4668</p> <p>12 214.999.4754</p> <p>13 rslovak@foley.com</p> <p>14 slockhart@foley.com</p> <p>15 bmarx@foley.com</p> <p>16</p> <p>17 FOR THE DEFENDANT:</p> <p>18 Mr. Todd A. Hoodenpyle</p> <p>19 SINGER & LEVICK, P.C.</p> <p>20 16200 Addison Road, Suite 140</p> <p>21 Addison, Texas 75001</p> <p>22 972.380.5533</p> <p>23 hoodenpyle@singerlevick.com</p> <p>24</p> <p>25 ALSO PRESENT:</p> <p>26 Mr. Eric Haynes</p> <p>27 Ms. Beth Levine</p> <p>28 Mr. Kenneth E. "Eddie" Head</p> <p>29 Mr. Bill Hartley, Videographer</p> <p>30</p> <p>31</p> <p>32</p> <p>33</p> <p>34</p> <p>35</p> <p>36</p> <p>37</p> <p>38</p> <p>39</p> <p>40</p> <p>41</p> <p>42</p> <p>43</p> <p>44</p> <p>45</p>	<p style="text-align: right;">Page 5</p> <p>1 P R O C E E D I N G S</p> <p>2 (On the record at 12:57 p.m.)</p> <p>3 (Reporter's Note: Due to the quality of a</p> <p>4 Zoom videoconference and transmission of</p> <p>5 data, audio distortion and audio freezes</p> <p>6 make it more challenging to prepare a</p> <p>7 transcript as opposed to one prepared</p> <p>8 during in-person proceedings.)</p> <p>9 (Witness presents government-issued</p> <p>10 identification and identity verified.)</p> <p>11 THE VIDEOGRAPHER: Today is March 10th,</p> <p>12 year 2021. We're going on the record, 12:57 p.m.</p> <p>13 THE REPORTER: Same agreement under the</p> <p>14 Federal Rules and swearing in remotely?</p> <p>15 MR. HOODENPYLE: Yes.</p> <p>16 MR. SLOVAK: Yes, ma'am.</p> <p>17 EXAMINATION</p> <p>18 BY MR. HOODENPYLE:</p> <p>19 Q. Would you state your full name?</p> <p>20 A. Michael D. Poates.</p> <p>21 Q. How are you currently employed?</p> <p>22 A. Chief operating officer, Spherature.</p> <p>23 Q. And we're continuing a corporate representative</p> <p>24 deposition. You were present in the room when</p> <p>25 Mr. Davies was testifying as a corporate representative</p>

<p style="text-align: right;">Page 6</p> <p>1 for the debtors, correct?</p> <p>2 A. Yes.</p> <p>3 Q. And just some of the same understanding that I</p> <p>4 had with him I'd ask to have with you; that when I'm</p> <p>5 referring to WorldVentures, I'm referring to the</p> <p>6 debtors.</p> <p>7 Can we have that agreement?</p> <p>8 A. Yes.</p> <p>9 Q. And if I refer to the letter of in- -- the LOI</p> <p>10 or the letter of intent, I'm referring to, I believe</p> <p>11 it's the November 10th, 2020 letter of intent that</p> <p>12 Mr. Nugent sent to Mr. Benshabat.</p> <p>13 Can we have that agreement?</p> <p>14 A. Yes.</p> <p>15 Q. And then the LSA, I refer to the LSA, you</p> <p>16 understand we're referring to the Limited Solicitation</p> <p>17 Agreement, I believe it's dated November 11th, 2020?</p> <p>18 A. Yes.</p> <p>19 Q. And I understand that people also call it the</p> <p>20 interim agreement. So if we call it the interim</p> <p>21 agreement, we're talking about the Limited Solicitation</p> <p>22 Agreement?</p> <p>23 A. Understood.</p> <p>24 Q. How long have you been in the position of COO?</p> <p>25 A. Specifically to the WorldVentures entity?</p>	<p style="text-align: right;">Page 8</p> <p>1 A. Within 24 hours.</p> <p>2 Q. Okay. So after you converted over to COO,</p> <p>3 Eddie Head was then reporting to Wayne Nugent?</p> <p>4 A. That's correct.</p> <p>5 Q. Did that ever change?</p> <p>6 A. No.</p> <p>7 Q. You understand that you've been designated to</p> <p>8 testify about certain subjects as a corporate</p> <p>9 representative on behalf of WorldVentures?</p> <p>10 A. I do.</p> <p>11 Q. And we pulled up Exhibit Number 55 a while ago.</p> <p>12 We can pull it up again for you, if you need to see it.</p> <p>13 Have you seen Exhibit 55, with the</p> <p>14 objections and responses that your attorney served</p> <p>15 designating the subjects that you would testify on?</p> <p>16 A. I have reviewed it. I'd like it pulled up on</p> <p>17 the screen, please.</p> <p>18 Q. And you reviewed the topics before, correct?</p> <p>19 A. Correct.</p> <p>20 Q. All right. Well, I'm showing you Exhibit</p> <p>21 Number 55.</p> <p>22 (Counsel displays document.)</p> <p>23 Q. (By Mr. Hoodenpyle) Have you seen this exhibit</p> <p>24 before?</p> <p>25 MR. SLOVAK: I've got a copy of it here.</p>
<p style="text-align: right;">Page 7</p> <p>1 Q. Yes.</p> <p>2 A. I'm just about to my one year anniversary. I</p> <p>3 think I'm a few days off from making it one full year.</p> <p>4 Q. So March of -- sometime in March of 2020?</p> <p>5 A. Correct.</p> <p>6 Q. And how were you employed prior to that?</p> <p>7 A. Consulting.</p> <p>8 Q. Individual consulting?</p> <p>9 A. Correct.</p> <p>10 Q. Did you consult for WorldVentures?</p> <p>11 A. No, I did not.</p> <p>12 Q. Okay. And how long did you have your own</p> <p>13 consulting business?</p> <p>14 A. Six years.</p> <p>15 Q. Okay. Did you have any prior involvement with</p> <p>16 WorldVentures before March 2020?</p> <p>17 A. No, I did not.</p> <p>18 Q. And who hired you at WorldVentures?</p> <p>19 A. Wayne Nugent.</p> <p>20 Q. Has Eddie Head ever reported to you?</p> <p>21 A. Technically for 24 hours, the very first day</p> <p>22 that I was hired, I was hired as a CEO, and then we</p> <p>23 converted that hire to COO and he reported directly to</p> <p>24 Wayne from that point forward.</p> <p>25 Q. When did you convert from the CEO to COO?</p>	<p style="text-align: right;">Page 9</p> <p>1 We can make it easier.</p> <p>2 MR. HOODENPYLE: Yeah. I'm not going to</p> <p>3 spend any time on it. I assume he's seen it and know</p> <p>4 what topics he's designated on.</p> <p>5 MR. SLOVAK: Yes.</p> <p>6 Q. (By Mr. Hoodenpyle) All right. You've seen</p> <p>7 the topics you're designated on, correct?</p> <p>8 A. Yes, sir.</p> <p>9 Q. So did Wayne Nugent, does he report to you?</p> <p>10 A. No.</p> <p>11 Q. Did you report to Wayne Nugent?</p> <p>12 A. Correct.</p> <p>13 Q. You reported to Wayne Nugent? Sorry. I didn't</p> <p>14 hear you.</p> <p>15 A. Yes, sir.</p> <p>16 Q. So 24 hours after you were hired, both you and</p> <p>17 Mr. Head were reporting to Mr. Nugent; is that safe --</p> <p>18 is that fair to say?</p> <p>19 A. Yes.</p> <p>20 Q. Okay. So about the time you were hired was</p> <p>21 about the time the COVID-19 pandemic hit and that had a</p> <p>22 pretty big impact on WorldVentures' business; is that</p> <p>23 true?</p> <p>24 A. Yes, it is.</p> <p>25 Q. What was the reason why Mr. Nugent brought you</p>

<p style="text-align: right;">Page 10</p> <p>1 on?</p> <p>2 A. To develop the company, steer through the</p> <p>3 crisis of the pandemic.</p> <p>4 Q. At some point, you learned that WorldVentures</p> <p>5 and Seacret were having some communications in 2020; is</p> <p>6 that right?</p> <p>7 A. Correct.</p> <p>8 Q. When did you first learn that?</p> <p>9 A. I believe it was September.</p> <p>10 Q. Okay. So you had no involvement with the</p> <p>11 Co-Marketing Agreement?</p> <p>12 A. Yes. I was a reviewer of that agreement.</p> <p>13 Q. Okay. You were not involved in negotiating the</p> <p>14 agreement, the Co-Marketing Agreement?</p> <p>15 A. Generally, no.</p> <p>16 Q. All right. What input did you have on the</p> <p>17 Co-Marketing Agreement during the negotiation?</p> <p>18 A. I was a broad CC as red line copies to the</p> <p>19 organization.</p> <p>20 Q. Well, you heard Mr. Davies' testimony that,</p> <p>21 basically, a team of people that had eyes on it,</p> <p>22 including Wayne Nugent, Eddie Head, Mr. Davies, you,</p> <p>23 inside counsel and outside counsel.</p> <p>24 Do you recall that?</p> <p>25 A. Yes. I do not recall the outside counsel that</p>	<p style="text-align: right;">Page 12</p> <p>1 going on with him at that point except for the</p> <p>2 Co-Marketing Agreement. I was actively looking for</p> <p>3 investors to support a work-out plan, a POR, through our</p> <p>4 363, our anticipated bankruptcy, and thought that based</p> <p>5 on the indisputable ^ ck opportunity in the Co-Marketing</p> <p>6 Agreement, that he offered an excellent opportunity as</p> <p>7 an investor into the platform, and we had a discussion</p> <p>8 relative to that. The business and the insolvency came</p> <p>9 up in that discussion.</p> <p>10 Q. When did you start considering filing a</p> <p>11 bankruptcy and pursuing a 363 sale? When is the first</p> <p>12 time that you had thought about that?</p> <p>13 A. Immediately.</p> <p>14 Q. In March?</p> <p>15 A. In my -- in my head, yes, sir.</p> <p>16 Q. What did you do to prepare for your deposition</p> <p>17 today?</p> <p>18 A. Reviewed the filings.</p> <p>19 Q. Did you have any discussions with anyone?</p> <p>20 A. Yes, sir.</p> <p>21 Q. Who?</p> <p>22 A. Counsel.</p> <p>23 Q. Anyone else?</p> <p>24 A. Wayne Nugent.</p> <p>25 Q. Anyone else?</p>
<p style="text-align: right;">Page 11</p> <p>1 participated on our end.</p> <p>2 Q. Okay. But was there outside counsel that did</p> <p>3 participate?</p> <p>4 A. It's my understanding that we did have outside</p> <p>5 counsel on -- on the other side of the turn, but on our</p> <p>6 turn, it was just Eric Haynes, to my knowledge.</p> <p>7 Q. Did you learn a couple of months after the</p> <p>8 Co-Marketing Agreement was signed that Izhak Benshabat</p> <p>9 and Seacret wanted out of the Co-Marketing Agreement?</p> <p>10 A. Yes.</p> <p>11 Q. What's your understanding of why Mr. Benshabat</p> <p>12 and Seacret wanted out of the Co-Marketing Agreement?</p> <p>13 A. I believe they wanted out of the agreement</p> <p>14 because they found out the company was insolvent.</p> <p>15 Q. And what's your answer based on?</p> <p>16 A. Personal discussion with Izhak Benshabat.</p> <p>17 Q. Okay. When was that discussion?</p> <p>18 A. I believe it was the 8th of October.</p> <p>19 Q. Are you the one that told Mr. Shabat that</p> <p>20 WorldVentures was virtually insolvent?</p> <p>21 A. Correct, yes, I was.</p> <p>22 Q. Why did you tell him that?</p> <p>23 A. It was my job as -- as the senior officer. I</p> <p>24 felt that I had an obligation to inform him. I was not</p> <p>25 aware if there were any underlying discussions that were</p>	<p style="text-align: right;">Page 13</p> <p>1 A. Not that I can recall.</p> <p>2 Q. When did you discuss with Wayne Nugent?</p> <p>3 A. Last night. He --</p> <p>4 Q. Go ahead.</p> <p>5 A. Yesterday. Yesterday evening.</p> <p>6 Q. Okay. And what did you and Mr. Nugent discuss?</p> <p>7 A. Mr. Nugent was on the speakerphone talking to</p> <p>8 the room generally providing additional information and</p> <p>9 purview into the discussions he had relative to the</p> <p>10 negotiations of the LOI, the interim solicitation</p> <p>11 agreement, and additionally, his hope for a successful</p> <p>12 Asset Purchase Agreement. I did not have any discussion</p> <p>13 personally with Wayne except for thanking him for his</p> <p>14 time.</p> <p>15 Q. Who else was on -- who else was on the call?</p> <p>16 A. Simon Davies, Eric Haynes, Rob Slovak -- excuse</p> <p>17 me, and Wayne, of course. I'm sorry.</p> <p>18 And I believe Wayne's counsel.</p> <p>19 (Counsel displays document.)</p> <p>20 Q. (By Mr. Hoodenpyle) I'm showing you what's</p> <p>21 marked as Exhibit 23. And this is an e-mail string</p> <p>22 between Izhak Benshabat, Eddie Head, Wayne Nugent and</p> <p>23 Michael Poates. I'll go down to the first e-mail, an</p> <p>24 e-mail on October 6th from Mr. Benshabat to Wayne and</p> <p>25 Eddie, it looks like.</p>

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14 to 17

<p style="text-align: right;">Page 14</p> <p>1 And in the second paragraph, he says: We</p> <p>2 knew the company was in a financial challenge, but we</p> <p>3 also understand now, it's on the verge of BK or</p> <p>4 liquidation.</p> <p>5 And you're the person that told him that?</p> <p>6 MR. SLOVAK: Objection.</p> <p>7 A. Correct.</p> <p>8 Q. (By Mr. Hoodenpyle) What else did you and</p> <p>9 Mr. Benshabat discuss in that call on or about</p> <p>10 October 6th?</p> <p>11 MR. SLOVAK: Objection, form.</p> <p>12 Q. (By Mr. Hoodenpyle) Can you answer?</p> <p>13 A. I'm asking if he had a desire to potentially</p> <p>14 invest in the WorldVentures platform. We discussed</p> <p>15 that. We discussed the opportunities that I think are</p> <p>16 the upside of that investment. That was generally the</p> <p>17 discussion.</p> <p>18 Q. You had discussed with Mr. Benshabat before his</p> <p>19 October 6th e-mail that the company was on the verge of</p> <p>20 insolvency?</p> <p>21 MR. SLOVAK: Objection, form.</p> <p>22 A. Could you restate that? I'm sorry.</p> <p>23 Q. (By Mr. Hoodenpyle) You had discussed with</p> <p>24 Mr. Benshabat that the company was on the verge of</p> <p>25 insolvency before his October 6th e-mail?</p>	<p style="text-align: right;">Page 16</p> <p>1 A. It's my understanding that we had a</p> <p>2 Co-Marketing Agreement in existence. I believe that we</p> <p>3 started to see quite a few of our members and reps</p> <p>4 beginning to move to Seacret and leave our organization</p> <p>5 in a critical time, and I believe that this agreement</p> <p>6 was negotiated to help support that conveyance and to</p> <p>7 help support the continued relationship providing the</p> <p>8 reps with consumable products and holding, as you've</p> <p>9 noted, as an interim document, to help us proceed to an</p> <p>10 Asset Purchase Agreement.</p> <p>11 Q. Your testimony that before the letter of intent</p> <p>12 was negotiated, WorldVentures' sales reps were leaving</p> <p>13 to go to Seacret?</p> <p>14 A. My testimony is that before that negotiation</p> <p>15 was executed, it's my belief -- it's my belief -- it was</p> <p>16 our belief as a company that there was some level of</p> <p>17 solicitation already occurring, and that agreement, I</p> <p>18 think, was materialized to solve for the initial</p> <p>19 solicitation that was occurring in an agreement that</p> <p>20 didn't allow for that.</p> <p>21 That second agreement by execution helped</p> <p>22 support the continued solicitation of the team.</p> <p>23 Q. What's your -- your testimony that you believe</p> <p>24 that there was solicitation going on already, what's</p> <p>25 that based on?</p>
<p style="text-align: right;">Page 15</p> <p>1 A. Yes. Let me take that back. That's not the</p> <p>2 case. So before that e-mail, no. My discussion with</p> <p>3 him was on the date, if I recall correctly, so no. That</p> <p>4 would not have happened.</p> <p>5 Q. On the -- in the October 8th conversation, you</p> <p>6 did confirm to him that the company was on the verge of</p> <p>7 bankruptcy?</p> <p>8 A. Correct.</p> <p>9 Q. All right. Did he tell you what the source of</p> <p>10 his information was before your call as to the company</p> <p>11 being on the verge of bankruptcy?</p> <p>12 A. No.</p> <p>13 Q. Do you know if Eric Haynes had had any</p> <p>14 discussions with Mr. Benshabat before your October 8th</p> <p>15 conversation about the company being on the verge of</p> <p>16 insolvency?</p> <p>17 A. No.</p> <p>18 Q. All right. And then shortly after that call,</p> <p>19 the WorldVentures and Seacret began negotiating a letter</p> <p>20 of intent or the LOI, right?</p> <p>21 A. Correct.</p> <p>22 Q. And the LOI was signed on November 10th.</p> <p>23 What led to the -- what were the</p> <p>24 circumstances leading to the negotiation of the letter</p> <p>25 of intent?</p>	<p style="text-align: right;">Page 17</p> <p>1 A. It's based on my knowledge, understanding of</p> <p>2 e-mails that I've reviewed, text messages that I've</p> <p>3 reviewed in discovery process for this matter. It's my</p> <p>4 understanding, based on discussions that I've had with a</p> <p>5 number of folks in our senior leadership team, and it</p> <p>6 was a gut instinct.</p> <p>7 Q. Well, I haven't seen any e-mails before the</p> <p>8 letter of intent talking about WorldVentures' sales</p> <p>9 representatives going over to Seacret. It's your</p> <p>10 testimony that there was such an e-mail before the</p> <p>11 letter of intent was negotiated that says that</p> <p>12 WorldVentures or sales representatives were moving over</p> <p>13 to Seacret?</p> <p>14 A. I didn't say that anybody had moved. I told</p> <p>15 you that I had a concern that that -- that folks would</p> <p>16 move in that agreement, but that agreement opened up a</p> <p>17 possibility that we would convey leadership, feel</p> <p>18 leadership and members. And there was no governance in</p> <p>19 that agreement for that. The -- the interim agreement</p> <p>20 was designed, it's my understanding, to provide some</p> <p>21 level of governance as far as who could be recruited and</p> <p>22 who could be solicited and who could not.</p> <p>23 Q. Okay. So -- well, you're talking about the</p> <p>24 LSA. I want to talk about the LOI right now, even</p> <p>25 though they were at the same time. But your testimony</p>

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1 is what it is. I heard you testify that people were --
2 were being solicited and, now, it was just a concern.
3 You had a concern that people were being solicited. You
4 don't have any facts that anybody was actually solicited
5 before the letter of intent was negotiated and signed;
6 is that true?
7 A. I had a concern that it could occur.
8 Q. You didn't answer my question.
9 MR. HOODENPYLE: Nonresponsive.
10 Q. (By Mr. Hoodenpyle) Do you have any facts to
11 support that there was actual solicitation going on
12 before the letter of intent was signed?
13 A. Not at this time.
14 Q. Who initiated the discussion of the letter of
15 intent?
16 A. Eddie Head.
17 Q. And what's the basis of your answer?
18 A. We had a number of senior leadership meetings.
19 It was scheduled as a standing meeting. The letter of
20 intent, the Co-Marketing Agreement were vigorously
21 discussed in those meetings. That's how I came to
22 understand the existence.
23 Q. So who raised those leadership meetings? Eddie
24 Head?
25 A. Yes.

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1 Q. Okay. So he wasn't hiding it from everybody;
2 he was openly discussing it at leadership meetings; is
3 that right?
4 A. Yes.
5 Q. The debtors have alleged that Mr. Head was
6 solely responsible for negotiating the LOI and the LSA.
7 Is that your testimony today, that
8 Mr. Head was solely responsible for negotiating the
9 letter of intent?
10 MR. SLOVAK: Objection, form.
11 Q. (By Mr. Hoodenpyle) On behalf of
12 WorldVentures?
13 MR. SLOVAK: Objection.
14 A. So my testimony is that while I felt that he
15 participated in the LOI and that he was very public
16 about that, I believe that the solicitation agreement,
17 he was solely responsible for. That's my testimony.
18 MR. HOODENPYLE: Objection, nonresponsive.
19 Q. (By Mr. Hoodenpyle) My question, Mr. Poates,
20 was: Is it your testimony that Mr. Head was solely
21 responsible for negotiating the letter of intent on
22 behalf of WorldVentures?
23 A. No. He was not --
24 Q. Is it your -- is it your testimony today that
25 Eddie Head was solely responsible for negotiating the

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1 Limited Solicitation Agreement?
2 A. I believe so, yes.
3 Q. What's your testimony based on that you believe
4 Eddie Head was solely responsible for negotiating the
5 solicitation agreement?
6 A. Recovered direct communications with Eddie
7 Head.
8 Q. Recovered direct communications between Eddie
9 Head and Izhak?
10 MR. SLOVAK: Were you finished with your
11 answer?
12 THE WITNESS: No.
13 MR. SLOVAK: Finish your answer.
14 A. Well, will you please ask the question prior so
15 that I can finish the answer that I was providing.
16 Q. (By Mr. Hoodenpyle) What recovered direct
17 communications are you referring to?
18 A. Text communications.
19 Q. And the basis for your belief that Eddie Head
20 is solely responsible on behalf of WorldVentures in
21 negotiating the LSA are these text messages?
22 A. Yes.
23 Q. All right. Have you reviewed a lot of -- have
24 you reviewed e-mails showing all the parties that
25 negotiated the LSA?

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1 A. Yes.
2 Q. Okay. Well, let's go back to the LOI for a
3 second.
4 Who was involved in negotiating the LOI on
5 behalf of Seacret?
6 A. I recall John Kelly. I recall Izhak. That's
7 all who I can recall at this point in time.
8 Q. Okay. And who was involved in negotiating the
9 letter of intent on behalf of WorldVentures?
10 A. Eddie Head, Wayne Nugent. Purview was provided
11 into that document and reviewed by our internal legal
12 team, Eric Haynes and subordinates. I, at times, was
13 copied as CC or as a reviewer.
14 Q. Did outside counsel for WorldVentures review
15 and comment on the letter of intent?
16 A. I don't recall.
17 (Counsel displays document.)
18 Q. (By Mr. Hoodenpyle) I'm showing you what's
19 been marked as Exhibit Number 25, and this is an e-mail
20 string that WorldVentures produced in this case, and
21 it's an e-mail string dated October 20th, starting at
22 the bottom e-mail whereby it looks like it starts at the
23 bottom of what is WV22534. It's an e-mail from Eddie
24 Head, copying -- or to Wayne Nugent and Izhak Benshabat
25 and copying boaz@secreatspa and Marvin Ruth. And this

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<p style="text-align: right;">Page 22</p> <p>1 is about a priority call to kick off the business</p> <p>2 relationship. And is this one of the beginning e-mails</p> <p>3 to discuss the letter of intent?</p> <p>4 A. I wasn't a party to that e-mail, so I can't --</p> <p>5 it's hard --</p> <p>6 Q. You're testifying today -- you're testifying</p> <p>7 today as a corporate representative, are you not? And</p> <p>8 you've been designated to talk about the negotiation of</p> <p>9 the letter of intent.</p> <p>10 Was this an e-mail that was kicking off</p> <p>11 the conversation about the letter of intent?</p> <p>12 A. I can't validate that e-mail. I was not a</p> <p>13 party to that e-mail.</p> <p>14 Q. Well, you were the one designated to do it,</p> <p>15 Mr. Poates, so --</p> <p>16 A. I understand.</p> <p>17 Q. You don't have to have personal knowledge as a</p> <p>18 corporate representative.</p> <p>19 A. I understand.</p> <p>20 Q. It's validated by the Bates stamp that your</p> <p>21 lawyers produced it from your -- your records.</p> <p>22 A. I will say that it looks to me that a</p> <p>23 negotiation was going on relative to that agreement, and</p> <p>24 it looks to me in the upper left-hand box, the folks</p> <p>25 that were negotiating that agreement are noted. I</p>	<p style="text-align: right;">Page 24</p> <p>1 Q. Okay.</p> <p>2 A. That's just a piece of information I just can</p> <p>3 recall at the moment.</p> <p>4 Q. Who is the person with the most knowledge as</p> <p>5 the corporate representative that could answer that,</p> <p>6 Mr. Poates, since you don't know?</p> <p>7 MR. SLOVAK: Objection, form.</p> <p>8 A. I think it would have been Eddie Head.</p> <p>9 Q. (By Mr. Hoodenpyle) Okay. Well, he'll</p> <p>10 certainly testify to it, but he's not at WorldVentures.</p> <p>11 Who is the WorldVentures' representative</p> <p>12 that can testify to it?</p> <p>13 MR. SLOVAK: Objection, form.</p> <p>14 A. I just don't know.</p> <p>15 Q. (By Mr. Hoodenpyle) I'm going to share my</p> <p>16 screen and show you Exhibit Number 53.</p> <p>17 (Counsel displays document.)</p> <p>18 Q. (By Mr. Hoodenpyle) This is Seacret</p> <p>19 Number 5350. This is some kind of a challenger. The</p> <p>20 organizer is Ray Balestri. This is about the time that</p> <p>21 the letter of intent of negotiations would have began</p> <p>22 around October 20th or 23rd.</p> <p>23 Would you agree with that?</p> <p>24 A. Yes.</p> <p>25 Q. Why do you disagree with my time frame as to</p>
<p style="text-align: right;">Page 23</p> <p>1 didn't receive a copy of that document and it's hard for</p> <p>2 me to attest on a document that I have not received</p> <p>3 personally or reviewed.</p> <p>4 So in this particular document, while I</p> <p>5 have looked it over, you're asking me to testify that</p> <p>6 this was the absolute beginning of this relationship. I</p> <p>7 cannot do that. I do not know what other communications</p> <p>8 may lie outside of this document and could have occurred</p> <p>9 possibly prior to the issuance of this document. So,</p> <p>10 therefore, I can tell you that the document looks</p> <p>11 legitimate, but I do not know if that's the actual</p> <p>12 document that was an inception document or the event --</p> <p>13 horizon of the event.</p> <p>14 Q. Okay. Well, you have an obligation as a</p> <p>15 corporate representative to familiar yourself --</p> <p>16 familiarize yourself with the facts.</p> <p>17 So when did the negotiations for the</p> <p>18 letter of intent begin?</p> <p>19 MR. SLOVAK: Objection, form.</p> <p>20 A. I don't have that knowledge.</p> <p>21 Q. (By Mr. Hoodenpyle) You're the person</p> <p>22 designated to testify to that.</p> <p>23 What did you do to figure that out?</p> <p>24 A. There are a lot of facts and a lot of things in</p> <p>25 my head.</p>	<p style="text-align: right;">Page 25</p> <p>1 when the letter of intent negotiations began?</p> <p>2 A. It's my understanding you were asking: Was</p> <p>3 that the initiating letter that began the negotiations?</p> <p>4 Q. I've asked you a different question now,</p> <p>5 Mr. Poates. I don't have but 30 minutes left of my</p> <p>6 time, so I'd appreciate if you'd answer my question.</p> <p>7 My question was: Why do you dispute that</p> <p>8 that time frame is not the time frame that the letter of</p> <p>9 intent negotiations began?</p> <p>10 A. Because you're asking me to give you</p> <p>11 information in absolutes based on an e-mail, right?</p> <p>12 I do not know at this point in time if</p> <p>13 there were other communications in other forms, formats</p> <p>14 on other platforms that occurred prior to these</p> <p>15 communications and e-mail. So it looks reasonable from</p> <p>16 a time frame because that's generally when I was made</p> <p>17 aware that the negotiations were beginning. However,</p> <p>18 you can again see that I'm not copied. It doesn't look</p> <p>19 like, on this document hereto.</p> <p>20 Q. Okay. Looking at Exhibit 53, the organizer of</p> <p>21 this meeting was Ray Balestri and he's actually an</p> <p>22 attorney, outside counsel for WorldVentures, correct?</p> <p>23 A. He is outside counsel. I wouldn't say that he</p> <p>24 is currently outside counsel for WorldVentures.</p> <p>25 Q. At the time that calendar was -- entry was</p>

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<p style="text-align: right;">Page 26</p> <p>1 made, he was outside counsel for WorldVentures; isn't</p> <p>2 that true?</p> <p>3 A. That's correct.</p> <p>4 Q. So about the same time that the LOI was</p> <p>5 negotiated, the parties were negotiating the Limited</p> <p>6 Solicitation Agreement; is that correct?</p> <p>7 A. That's my understanding, correct.</p> <p>8 Q. All right. So that the LOI was a proposal that</p> <p>9 Mr. Nugent sent to Mr. Benshabat about a proposal for</p> <p>10 Seacret to purchase the assets of WorldVentures'</p> <p>11 business; is that true?</p> <p>12 A. Correct.</p> <p>13 Q. Okay. Did -- did WorldVentures issue any LOIs</p> <p>14 to anyone else at that time?</p> <p>15 A. Could you provide a little more clarity?</p> <p>16 Specific -- LOI specific to the acquisition --</p> <p>17 acquisition of the company?</p> <p>18 Is that what you're asking for?</p> <p>19 Q. Mr. Poates, I'm asking whether or not at that</p> <p>20 time, that time frame, and I'll just give you a little</p> <p>21 bit of a broader time frame, so you don't have to</p> <p>22 concern yourself too much with the dates, but let's just</p> <p>23 say, from October 6th, the date that Mr. Benshabat said</p> <p>24 that he's worried about a bankruptcy filing, until</p> <p>25 November 10th, the date that the LOI was signed, did</p>	<p style="text-align: right;">Page 28</p> <p>1 A. It gave them an opportunity to benefit the</p> <p>2 folks who had been suffering with the pandemic, right,</p> <p>3 that were not able to sell travel because the travel</p> <p>4 market had been devastated, and so this consumable</p> <p>5 product line offered that capacity to many of our reps.</p> <p>6 And so our reps were allowed to go and sell the Seacret</p> <p>7 product. That's the -- that's the gist of the agreement</p> <p>8 as far as I understand it.</p> <p>9 Q. Well, the next step in this series of</p> <p>10 agreements was to enter into an asset purchase</p> <p>11 agreement, right?</p> <p>12 A. Correct.</p> <p>13 Q. Okay. So the sales reps were eventually all</p> <p>14 going to move over under Seacret, right?</p> <p>15 MR. SLOVAK: Objection, form.</p> <p>16 Q. (By Mr. Hoodenpyle) There's a point</p> <p>17 negotiating an Asset Purchase Agreement where</p> <p>18 the sale -- WorldVentures sales representatives were</p> <p>19 then going to move over to Seacret where they could be</p> <p>20 able to both sell Seacret's products and the travel</p> <p>21 product, correct?</p> <p>22 A. No.</p> <p>23 Q. What's incorrect about what I just said?</p> <p>24 A. What's incorrect about it is, the APA that was</p> <p>25 being negotiated in any form never had any discussion</p>
<p style="text-align: right;">Page 27</p> <p>1 WorldVentures provide an LOI to any other entity?</p> <p>2 MR. SLOVAK: Objection, form.</p> <p>3 A. Not to my knowledge.</p> <p>4 Q. (By Mr. Hoodenpyle) Did WorldVentures -- did</p> <p>5 WorldVentures provide an LOI to any entity before the</p> <p>6 date that you filed for bankruptcy on December 21st</p> <p>7 other than Seacret?</p> <p>8 A. Not to my knowledge.</p> <p>9 Q. Sir, contemporaneously, WorldVentures and</p> <p>10 Seacret were negotiating two agreements, one for a</p> <p>11 potential purchase by Seacret, and then an interim</p> <p>12 agreement that would allow WorldVentures' sales</p> <p>13 representatives to start moving over to Seacret under</p> <p>14 the interim agreement; is that right?</p> <p>15 A. That's not entirely correct, no.</p> <p>16 Q. Okay. What's incorrect about that?</p> <p>17 A. So there was -- the discussion was that the</p> <p>18 reps would be able to work at Seacret and sell the</p> <p>19 consumable product line to generate revenue during a</p> <p>20 period of time where travel had been curtailed by the</p> <p>21 pandemic. I would not say that that agreement allowed</p> <p>22 them to just move over and leave the -- and leave us for</p> <p>23 that agreement. That was not the heart and spirit of</p> <p>24 that agreement. That's not my understanding.</p> <p>25 Q. Okay.</p>	<p style="text-align: right;">Page 29</p> <p>1 relative to purchase of the Rovia asset. Rovia asset</p> <p>2 was set up as a reversion annuity or reverse back into</p> <p>3 the estate. There were different timelines discussed</p> <p>4 back in the agreement and that's the first part of my</p> <p>5 answer.</p> <p>6 The second part of my answer was, just</p> <p>7 because in good faith, you begin the discussion of an</p> <p>8 Asset Purchase Agreement, by no means does that preclude</p> <p>9 that that agreement will occur and that it's a done</p> <p>10 deal. And the spirit of the agreement was, the</p> <p>11 solicitation agreement was marked as an interim</p> <p>12 agreement allowing the brand enough time to put this</p> <p>13 business into bankruptcy where it belongs. And then</p> <p>14 through Section 363, and with the approval of Honorable</p> <p>15 Judge Rose, we would proceed with an approved asset</p> <p>16 purchase agreement likely if -- as a stock force for the</p> <p>17 company. So that's generally where we were at with that</p> <p>18 transaction.</p> <p>19 Q. Okay. Well, under -- under your first point,</p> <p>20 Rovia, they don't -- they don't own the database, right?</p> <p>21 They don't own the sales representatives. They do the</p> <p>22 fulfillment, correct?</p> <p>23 A. Correct.</p> <p>24 Q. Okay. So under the interim agreement, Seacret</p> <p>25 had the right to sign up its sales representatives and</p>

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<p style="text-align: right;">Page 30</p> <p>1 move them over to Seacret's database; isn't that true?</p> <p>2 MR. SLOVAK: Objection, form.</p> <p>3 A. They had the right to -- they had untethered</p> <p>4 access to the database to -- so that they could recruit</p> <p>5 the -- the reps who wanted to participate in selling a</p> <p>6 consumable product line. That -- that is the agreement</p> <p>7 in my eyes. The agreement wasn't a forced migration of</p> <p>8 our reps to the Seacret platform by no means.</p> <p>9 Q. (By Mr. Hoodenpyle) Okay. Well, nobody said</p> <p>10 it was, Mr. Poates. So if you could just answer my</p> <p>11 question: Rovia was a fulfilment platform. It doesn't</p> <p>12 own the downline, correct?</p> <p>13 A. Yes.</p> <p>14 Q. Okay. And the downline, the interim agreement</p> <p>15 provided the downline to move over from WorldVentures.</p> <p>16 In fact, WorldVentures provided their downline database</p> <p>17 information to Seacret, as Mr. Davies testified earlier,</p> <p>18 the CPO provided that, correct?</p> <p>19 A. You're not correct. The CPO participated in</p> <p>20 providing the actual signatory for the conveyance of</p> <p>21 that intellectual property that came from Wayne W.</p> <p>22 Nugent. He provided the approval for the conveyance of</p> <p>23 that information.</p> <p>24 Q. Okay. Well, Mr. Nugent provided the approval</p> <p>25 and the CPO actually did the work to do it, right?</p>	<p style="text-align: right;">Page 32</p> <p>1 Q. Okay. Who was outside counsel for</p> <p>2 WorldVentures that was involved in the negotiation of</p> <p>3 the LSA?</p> <p>4 A. I don't recall. I don't recall outside counsel</p> <p>5 entering in until negotiations began on the APA.</p> <p>6 Q. Was Ray Balestri involved in negotiating the</p> <p>7 LSA on behalf of WorldVentures?</p> <p>8 A. Ray was involved -- it's my understanding, Ray</p> <p>9 was involved on the negotiation of the Asset Purchase</p> <p>10 Agreement. And to what extent he was involved on the</p> <p>11 LSA, I just don't have -- I can't answer that.</p> <p>12 Q. When were the first discussions between</p> <p>13 WorldVentures and Seacret about moving WorldVentures'</p> <p>14 employees over to Seacret?</p> <p>15 A. I don't know the event horizon date. Those</p> <p>16 discussions, I believe, occurred between -- in the</p> <p>17 negotiations between the LSA and the APA, in between.</p> <p>18 Q. In between the negotiations of the LSA and the</p> <p>19 APA?</p> <p>20 A. In between the negotiations of the APA after</p> <p>21 execution of the LSA.</p> <p>22 Q. Okay. Was Simon Davies involved in negotiating</p> <p>23 the LSA?</p> <p>24 A. Yes. I do think he had some purview into it</p> <p>25 from the financial perspective and model perspective.</p>
<p style="text-align: right;">Page 31</p> <p>1 A. Correct.</p> <p>2 Q. Okay. So let's see. So Section 1.5 of the</p> <p>3 interim agreement has a provision that Seacret could not</p> <p>4 solicit WorldVentures' employees; is that true?</p> <p>5 A. Correct.</p> <p>6 Q. And who was involved in negotiating the LSA on</p> <p>7 behalf of Seacret?</p> <p>8 A. Izhak, their attorney, John Kelly, at that --</p> <p>9 and internally -- yes. So from Seacret's side, the</p> <p>10 folks that I am aware of that I can speak to right now</p> <p>11 would be John Kelly and Izhak.</p> <p>12 Q. Okay. And who was involved in negotiating</p> <p>13 Limited Solicitation Agreement on behalf of</p> <p>14 WorldVentures?</p> <p>15 A. Eddie Head, Wayne Nugent, with purview from our</p> <p>16 legal department, Eric Haynes and team, with myself on a</p> <p>17 number of the communications as a CC, not all the</p> <p>18 communications, as demonstrated earlier.</p> <p>19 Q. Okay. So -- but you had a hand in the</p> <p>20 negotiation or seen the document, correct?</p> <p>21 A. I had a hand in seeing the documents.</p> <p>22 Q. Okay. And who was the internal legal that was</p> <p>23 involved in the negotiation of the LSA? Eric Haynes?</p> <p>24 A. Eric Haynes. And I think there were some</p> <p>25 reviews by Steven Rains, who is a subordinate of Eric's.</p>	<p style="text-align: right;">Page 33</p> <p>1 Q. Who was it that proposed the idea of moving</p> <p>2 Seacret's employees over to -- let me start over.</p> <p>3 Who was it that first proposed the idea of</p> <p>4 moving WorldVentures' employees over to Seacret?</p> <p>5 A. Eddie Head.</p> <p>6 Q. And what's your answer based on?</p> <p>7 A. Direct conversation.</p> <p>8 Q. All right. Anything else?</p> <p>9 A. E-mail strings.</p> <p>10 Q. So you were on these e-mail strings?</p> <p>11 A. Correct.</p> <p>12 Q. Did you have an issue with moving -- with the</p> <p>13 idea of moving WorldVentures' employees over to Seacret?</p> <p>14 A. I wanted to make sure that it was reviewed by</p> <p>15 legal, but generally, no, I did not have that -- I do</p> <p>16 not have an issue. I had --</p> <p>17 Q. All right. Well, you knew it would be reviewed</p> <p>18 by legal, too, because they were involved in the</p> <p>19 process, right?</p> <p>20 A. Correct.</p> <p>21 Q. Did anyone else at WorldVentures voice</p> <p>22 opposition to having employees move over to Seacret?</p> <p>23 A. I think there was a general concern.</p> <p>24 Q. My question was: Did anyone else, if there's a</p> <p>25 specific person that voiced an issue with employees of</p>

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<p style="text-align: right;">Page 34</p> <p>1 WorldVentures moving over to Seacret?</p> <p>2 A. Not that I recall.</p> <p>3 Q. I'll share my screen with you and show you</p> <p>4 Exhibit Number 16 -- or Exhibit 36.</p> <p>5 (Counsel displays document.)</p> <p>6 Q. (By Mr. Hoodenpyle) I'll start with the last</p> <p>7 e-mail at the top of the page, November 26, 2020 e-mail,</p> <p>8 which you were copied on, correct?</p> <p>9 A. Correct.</p> <p>10 Q. And if we go down -- go down to the original</p> <p>11 e-mail -- I can't tell who -- Wayne Nugent sent an</p> <p>12 e-mail, we don't know who it's sent to, but really</p> <p>13 telling everybody, he didn't want to miss this</p> <p>14 opportunity. And the opportunity he's talking about is</p> <p>15 the opportunity with Seacret to do a deal, to sell the</p> <p>16 assets to Seacret; is that correct?</p> <p>17 MR. SLOVAK: Objection, form.</p> <p>18 A. I don't know what -- I don't know what context</p> <p>19 that e-mail was sent, so I can't answer yes or no.</p> <p>20 Q. (By Mr. Hoodenpyle) Well, the subject is: Who</p> <p>21 owns this? Let's decide --</p> <p>22 A. Who owns? The people that were involved with</p> <p>23 it versus --</p> <p>24 Q. Okay. If you'd let me finish my question.</p> <p>25 A. I was trying to answer the first one.</p>	<p style="text-align: right;">Page 36</p> <p>1 referring to one of the opportunities that was well</p> <p>2 communicated to him.</p> <p>3 Q. (By Mr. Hoodenpyle) If you go to the end of</p> <p>4 the first page, Mr. Nugent, is a message to Paul</p> <p>5 Jenkins.</p> <p>6 Who is Paul Jenkins?</p> <p>7 A. Head of IT.</p> <p>8 Q. Okay. And he tells Mr. Jenkins at the end:</p> <p>9 That's why we must make considerate cuts.</p> <p>10 So at that time, WorldVentures knew that</p> <p>11 they needed to cut back on employees, right, because the</p> <p>12 outlook was bad?</p> <p>13 MR. SLOVAK: Objection, form.</p> <p>14 A. We needed to cut back on employees at that time</p> <p>15 to meet the means test to get into bankruptcy court,</p> <p>16 just from an SG&A perspective. That was by -- the</p> <p>17 force behind that.</p> <p>18 Q. (By Mr. Hoodenpyle) That's one of the reasons</p> <p>19 why everyone was okay with the employees of</p> <p>20 WorldVentures moving over to Seacret, correct?</p> <p>21 MR. SLOVAK: Objection, form.</p> <p>22 A. I don't know -- I don't know why. I can't</p> <p>23 speak to why everybody was okay with everybody moving</p> <p>24 over to Seacret.</p> <p>25 Q. (By Mr. Hoodenpyle) Okay. Well, you</p>
<p style="text-align: right;">Page 35</p> <p>1 Q. I didn't ask you a question. I just read the</p> <p>2 subject of the e-mail.</p> <p>3 If we go up to the next e-mail, we've got</p> <p>4 a November 16th, 2020, at 9:54 a.m., Mr. Nugent sent</p> <p>5 another e-mail and you're copied on that one; is that</p> <p>6 correct?</p> <p>7 A. Yes.</p> <p>8 Q. And he's talking about working in the spirit of</p> <p>9 collaboration versus competition.</p> <p>10 Do you know what he's referring to there</p> <p>11 after looking at the e-mail?</p> <p>12 A. No. I really -- frankly, it's -- I don't</p> <p>13 understand. I don't understand the meaning. I mean,</p> <p>14 it's a lot of sentences. There's a lot of phrases. But</p> <p>15 I don't understand what the overall message is, that's</p> <p>16 trying to be communicated in this e-mail.</p> <p>17 Q. Okay. Let me find the specific line.</p> <p>18 Mr. Nugent, in this e-mail string here,</p> <p>19 talks about the only alternative in front of us. And by</p> <p>20 "the only alternative in front of us," he's referring to</p> <p>21 the option with the deal with Seacret; isn't that true?</p> <p>22 MR. SLOVAK: Objection, form.</p> <p>23 A. I don't think that is true. We had</p> <p>24 bankruptcy -- an opportunity in bankruptcy as well. I</p> <p>25 think that there was another opportunity. So he's</p>	<p style="text-align: right;">Page 37</p> <p>1 understood that World- -- that was one of the reasons</p> <p>2 why WorldVentures agreed to waive Section 1.5 of the</p> <p>3 interim agreement; isn't that true?</p> <p>4 A. To allow those who would like to go to Seacret,</p> <p>5 to go to Seacret. But the question was: Was everybody</p> <p>6 okay? It's difficult for me to answer, because I didn't</p> <p>7 have the purview of everybody's thinking.</p> <p>8 MR. HOODENPYLE: Objection, nonresponsive.</p> <p>9 Q. (By Mr. Hoodenpyle) If you'd just answer my</p> <p>10 question, Mr. Poates.</p> <p>11 That's why WorldVentures agreed to waive</p> <p>12 Section 1.5 of the interim agreement is because of the</p> <p>13 issues with the WARN Act?</p> <p>14 MR. SLOVAK: Objection.</p> <p>15 A. That's not true.</p> <p>16 Q. (By Mr. Hoodenpyle) You just said it was. You</p> <p>17 said that one of the reasons why people were moving --</p> <p>18 you were letting go of employees is because of -- you</p> <p>19 need to meet the means test for bankruptcy and the WARN</p> <p>20 Act issues. So that's one of the reasons why</p> <p>21 WorldVentures waived Section 1.5; isn't that true?</p> <p>22 MR. SLOVAK: Objection, form.</p> <p>23 A. So the WARN Act, it never came out of my mouth.</p> <p>24 It was strictly for the bankruptcy.</p> <p>25 Q. (By Mr. Hoodenpyle) Okay.</p>

<p style="text-align: right;">Page 38</p> <p>1 A. We had three workforce reductions prior that we</p> <p>2 had not triggered the WARN Act. This particular WFR</p> <p>3 would, but by no means did that influence our decision.</p> <p>4 Q. Okay. So your decision through relief to waive</p> <p>5 Section 1.5 of the interim agreement, that was not as a</p> <p>6 result of needing to -- an issue with the WARN Act or</p> <p>7 with meeting the means test?</p> <p>8 MR. SLOVAK: Objection, form.</p> <p>9 Q. (By Mr. Hoodenpyle) Is that your testimony?</p> <p>10 A. Yes, the -- the result of a request by Eddie</p> <p>11 Head for specific individuals that he identified that he</p> <p>12 wanted to travel with him to Seacret. That's the</p> <p>13 reason.</p> <p>14 MR. HOODENPYLE: Objection, nonresponsive.</p> <p>15 Q. (By Mr. Hoodenpyle) Mr. Poates, I'm showing</p> <p>16 you what's marked as Exhibit Number 6. If we go down,</p> <p>17 we can see a November 17, 2020 e-mail from Eddie Head</p> <p>18 copying -- or to you and to Mr. Nugent.</p> <p>19 And the subject is "Employee list review."</p> <p>20 What is this e-mail?</p> <p>21 A. This is a requested list that Eddie sent the</p> <p>22 company to Wayne, my direct report.</p> <p>23 Q. Okay.</p> <p>24 A. And saying that these are the individuals that</p> <p>25 would go to Seacret, Tier One, with -- my understanding</p>	<p style="text-align: right;">Page 40</p> <p>1 little one-page relief or have legal counsel do it; is</p> <p>2 that correct? Is that correct?</p> <p>3 A. Yes, sir.</p> <p>4 Q. Okay. Thank you.</p> <p>5 And then you respond a little while later</p> <p>6 also on November 17th, you said: Eddie: We are keeping</p> <p>7 it simple - we are noticing their counsel that the</p> <p>8 recruitment is approved - plus adding you and Justin.</p> <p>9 So what did you mean you were "keeping it</p> <p>10 simple"? Does that mean you were just doing a one-page</p> <p>11 release?</p> <p>12 A. I think what it looks to be from -- concerning</p> <p>13 that I sent the e-mail.</p> <p>14 Q. Okay. And then you were -- you were the one</p> <p>15 that added --</p> <p>16 A. Hold on a second.</p> <p>17 MR. SLOVAK: Were you finished with your</p> <p>18 answer?</p> <p>19 A. No. I was just getting into it.</p> <p>20 Keeping it simple, from my perspective</p> <p>21 was, I wasn't going to -- we were just going to</p> <p>22 communicate directly with counsel from Seacret, our</p> <p>23 counsel, and send over a notice that the parties would</p> <p>24 approve.</p> <p>25 Q. (By Mr. Hoodenpyle) Okay. I couldn't tell you</p>
<p style="text-align: right;">Page 39</p> <p>1 would be the folks for sure.</p> <p>2 Tier Two would be the folks that were</p> <p>3 hoped. And I believe, if you move down that document,</p> <p>4 there would be a Tier Three, and those would be folks</p> <p>5 that may or may not.</p> <p>6 Q. Okay. So on this first e-mail under Tier One,</p> <p>7 Eddie Head is not listed there, is he, under Tier One?</p> <p>8 A. No.</p> <p>9 Q. Correct?</p> <p>10 A. No.</p> <p>11 Q. All right. And then when you received this,</p> <p>12 you responded to Mr. Head's e-mail: Thank you.</p> <p>13 Do you see that?</p> <p>14 A. Yes.</p> <p>15 Q. And then later, Eddie Head responds back to</p> <p>16 you: Michael, are you working with Eric to get a one</p> <p>17 pager drafted on this?</p> <p>18 What was your understanding of what that</p> <p>19 meant?</p> <p>20 A. At this time, I -- I'm reading the e-mail</p> <p>21 verbatim. It looks like he's asking if I can get our</p> <p>22 legal team to draft a one-page document. And it's my</p> <p>23 understanding that that document was for some level of</p> <p>24 relief so these employees could go to work for Seacret.</p> <p>25 Q. Right. Mr. Head was asking you to draft a</p>	<p style="text-align: right;">Page 41</p> <p>1 were talking still.</p> <p>2 All right. So the next thing you do is,</p> <p>3 you said you added Eddie Head and Justin Call to the</p> <p>4 list of employees that would be approved to be under the</p> <p>5 waiver provision, correct?</p> <p>6 A. Correct.</p> <p>7 Q. And Eddie Head was then eventually listed in</p> <p>8 the Tier One with you and were people definitely going</p> <p>9 over to Seacret; isn't that correct?</p> <p>10 A. Correct.</p> <p>11 Q. All right. And let me show you -- I'll show</p> <p>12 you -- I'll show you what is marked as Defendant's</p> <p>13 Exhibit Number 7.</p> <p>14 (Counsel displays document.)</p> <p>15 Q. (By Mr. Hoodenpyle) And the main e-mail is</p> <p>16 Eric Haynes, November 18th, 2020 e-mail, to Izhak</p> <p>17 Benshabat and John Kelly, copying you and Mr. Nugent.</p> <p>18 Do you see that?</p> <p>19 A. Yes.</p> <p>20 Q. And this is the waiver of Section 1.5 of the</p> <p>21 Limited Solicitation Agreement by WorldVentures,</p> <p>22 correct?</p> <p>23 MR. SLOVAK: Objection, form.</p> <p>24 A. Correct.</p> <p>25 Q. (By Mr. Hoodenpyle) And Mr. Haynes is the</p>

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1 legal counsel for WorldVentures who said to: All, I'm
2 sending this e-mail pursuant to Section 1.5 of the
3 Limited Solicitation Agreement. WV hereby waives
4 Section 1.5, but only with respect to the following
5 current and former employees.

6 And the first person listed under there is
7 Eddie Head. Do you see that?

8 A. Yes.

9 Q. And this waiver was never retracted, was it?

10 MR. SLOVAK: Objection.

11 A. No.

12 Q. (By Mr. Hoodenpyle) Who authorized Mr. Haynes
13 to send that e-mail, the November 18th e-mail?

14 A. I did.

15 Q. After the -- let me go back to the employees.
16 So the plan was, these employees would
17 slowly move over to Seacret, leading up to a bankruptcy
18 filing, because you wanted to satisfy the means test,
19 correct?

20 MR. SLOVAK: Objection, form.

21 A. So the decision to allow these employees to
22 leave and to waive Section 1.5, we made the decision to
23 do so knowing that we still had active employment
24 agreements with many of those individuals and existing
25 NDAs with most, if not all, of those individuals. And

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1 when we made this decision, we made this decision
2 knowing that we were sending those individuals into a
3 business that was not competing with ours.

4 MR. HOODENPYLE: Objection, nonresponsive.

5 Q. (By Mr. Hoodenpyle) Mr. Poates, when you
6 sent -- when you authorized Mr. Haynes to send this
7 waiver e-mail, including waiving the right for Seacret
8 to enforce this nonsolicitation provision as to Eddie
9 Head, you knew that Eddie Head had an employment
10 agreement?

11 A. Right.

12 Q. But you thought prohibited him from working for
13 someone else, correct?

14 MR. SLOVAK: Objection, form.

15 Q. (By Mr. Hoodenpyle) Correct?

16 A. We knew that we had an employment agreement
17 with Eddie Head for Spherature, WorldVentures Holdings.
18 We knew that this agreement, this Limited Solicitation
19 Agreement was formed with WorldVentures marketing. We
20 waived the agreement of 1.5 on the inbound agreement for
21 the solicitation agreement, but we did not waive any of
22 our rights with respect to the employment agreements
23 that were executed with this -- specific members of that
24 group that requested to travel to Seacret.

25 MR. HOODENPYLE: Object as nonresponsive.

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1 Q. (By Mr. Hoodenpyle) Mr. Poates, my question
2 was: When you authorized Eric Haynes to send this
3 November 18th waiver e-mail, you knew that Eddie Head
4 has an employment agreement with noncompete language
5 that you thought was enforceable and you knew that he
6 was going to go to work for Seacret; isn't that true?

7 MR. SLOVAK: Objection, form.

8 A. With the understanding that Seacret was not a
9 competitor, I absolutely did.

10 MR. HOODENPYLE: Objection, nonresponsive.

11 Q. (By Mr. Hoodenpyle) Mr. Poates, my question
12 was: When you authorized Mr. Haynes to send the
13 November 18th waiver e-mail, you knew that Eddie Head
14 has an employment agreement that you thought had
15 enforceable noncompete language and you knew he was
16 going to go work for Seacret; isn't that true?

17 MR. SLOVAK: Objection, form.

18 A. I believe I've already answered the question.

19 Q. (By Mr. Hoodenpyle) Please answer my question.

20 MR. SLOVAK: Objection, form.

21 A. Again, he had noncompete provisions in his
22 employment agreement. I believed that based on the
23 agreement that was executed and based on the fact that
24 the company that the agreement was executed with was not
25 a competitor in the travel space against our company,

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1 under that -- in that situation, I felt that there was
2 not a risk to our brand. If I -- if it would have been
3 a travel company or a direct competitor of this brand, I
4 would have not approved that waiver of Section 1.5.

5 MR. HOODENPYLE: Objection, nonresponsive.

6 Q. (By Mr. Hoodenpyle) Mr. Poates, again, my
7 question is: On November 18th, when you authorized Eric
8 Haynes to send this waiver e-mail, you knew that Eddie
9 Head had an employment agreement that you thought
10 included an enforceable noncompete agreement and
11 permitted him to go work at Seacret; isn't that true?

12 MR. SLOVAK: Objection, form. Asked and
13 answered five times now.

14 Q. (By Mr. Hoodenpyle) Appreciate an answer. It's
15 a yes or no, Mr. Poates.

16 A. I don't think I can answer this question
17 truthfully with a yes or no. I think I've already
18 answered it.

19 Q. It's a yes or no. You'll get another chance
20 when the judge has -- yes or no?

21 A. I understand.

22 MR. SLOVAK: Objection, form.

23 Q. (By Mr. Hoodenpyle) Again, my question, I'll
24 wait for an answer: When you authorized Eric Haynes on
25 November 18th to send this waiver e-mail, you knew that

<p style="text-align: right;">Page 46</p> <p>1 Eddie Head had an employment agreement that you thought</p> <p>2 included an enforceable noncompete agreement and you</p> <p>3 allowed them to solicit Eddie Head for Seacret -- to</p> <p>4 solicit him for employment; isn't that true?</p> <p>5 MR. SLOVAK: Objection, form.</p> <p>6 A. Not -- not in the way you have presented that</p> <p>7 question. That question is not true. That answer is</p> <p>8 not true.</p> <p>9 Q. (By Mr. Hoodenpyle) Okay. You did authorize</p> <p>10 Eric Haynes to send Seacret an e-mail waiving Section</p> <p>11 1.5 as to Eddie Head. We see that, correct? That's</p> <p>12 true?</p> <p>13 A. Yes. I answered that.</p> <p>14 Q. And you knew as of that date that Eddie Head</p> <p>15 would be going to work at Seacret, didn't you?</p> <p>16 A. I did not know if he had taken a job at Seacret</p> <p>17 or not, so no, that is not true.</p> <p>18 Q. Okay. Well, whether you knew he was going</p> <p>19 there or not, you knew he was authorized to go work at</p> <p>20 Seacret, of course; isn't that true?</p> <p>21 MR. SLOVAK: Object to the form.</p> <p>22 A. Just another way of asking the question you</p> <p>23 asked before.</p> <p>24 Q. (By Mr. Hoodenpyle) I appreciate you not</p> <p>25 arguing with me and just answer my questions. Okay?</p>	<p style="text-align: right;">Page 48</p> <p>1 about Mr. Poates.</p> <p>2 Q. (By Mr. Hoodenpyle) So soon after that, the</p> <p>3 parties began negotiating an Asset Purchase Agreement;</p> <p>4 is that true?</p> <p>5 A. Yes.</p> <p>6 Q. Okay. And through that Asset Purchase</p> <p>7 Agreement, Seacret has stated their intentions that</p> <p>8 they're going to start offering a travel product; isn't</p> <p>9 that true?</p> <p>10 MR. SLOVAK: Objection.</p> <p>11 A. Not to my knowledge.</p> <p>12 Q. (By Mr. Hoodenpyle) And they were going to do</p> <p>13 travel regardless of what WorldVentures did, and that</p> <p>14 they were going to give Rovia a right of first refusal;</p> <p>15 isn't that true?</p> <p>16 MR. SLOVAK: Objection.</p> <p>17 Q. (By Mr. Hoodenpyle) Or a better -- an offer to</p> <p>18 beat anyone else's offer on fulfillment; isn't that</p> <p>19 true?</p> <p>20 MR. SLOVAK: Objection.</p> <p>21 A. You're asking me to speak to what Seacret's</p> <p>22 intent was.</p> <p>23 Q. (By Mr. Hoodenpyle) No. I'm asking about the</p> <p>24 APA. Have you reviewed the APA?</p> <p>25 A. Yes, I have. And then you're asking me --</p>
<p style="text-align: right;">Page 47</p> <p>1 A. I'm trying to provide a truthful answer,</p> <p>2 Counselor.</p> <p>3 Q. No. You're just avoiding my question, so</p> <p>4 please answer my question.</p> <p>5 A. You asked a question for a yes or no. And I</p> <p>6 told you that I could not provide a yes/no answer to</p> <p>7 that question.</p> <p>8 Q. Mr. Poates, you can answer it. You just refuse</p> <p>9 to which -- that will be quite evident.</p> <p>10 So, again, when Mr. -- you knew -- whether</p> <p>11 you knew Mr. Head was going to work there or not, you</p> <p>12 knew pursuant to this waiver letter that Mr. Head was</p> <p>13 authorized by WorldVentures to go work for Seacret;</p> <p>14 isn't that true?</p> <p>15 MR. SLOVAK: Objection, form.</p> <p>16 A. Under the circumstances, when we -- when that</p> <p>17 authorization was issued, we did not know that Seacret</p> <p>18 had intentions of becoming a direct competitor of our</p> <p>19 brand and soliciting reps and members, so no, that is</p> <p>20 not true.</p> <p>21 MR. HOODENPYLE: Objection.</p> <p>22 A. And you're asking for a yes/no answer. I can't</p> <p>23 provide it on this question.</p> <p>24 MR. HOODENPYLE: Okay. I'm going to</p> <p>25 object as nonresponsive. We'll let the judge worry</p>	<p style="text-align: right;">Page 49</p> <p>1 Q. Were you involved in the negotiations over the</p> <p>2 APA?</p> <p>3 A. Yes.</p> <p>4 Q. Okay. So you do know what the parties have</p> <p>5 been negotiating and part of the negotiation was that,</p> <p>6 Seacret was going to buy the assets of WorldVentures and</p> <p>7 that they were going to offer Rovia an opportunity to do</p> <p>8 fulfillment. If they got other offers, they would give</p> <p>9 Rovia an opportunity to beat that offer; isn't that</p> <p>10 true?</p> <p>11 MR. SLOVAK: Objection.</p> <p>12 A. I just don't recall that part of the agreement.</p> <p>13 Q. (By Mr. Hoodenpyle) Had Seacret assumed that</p> <p>14 Rovia fulfilled any travel in the last -- since December</p> <p>15 1st?</p> <p>16 A. Could you provide a little more detail to that</p> <p>17 question? Is that a general -- have they attempted to</p> <p>18 initiate a travel relationship or has there been a</p> <p>19 specific member or entity within the Seacret</p> <p>20 organization that has wanted to use the travel benefit?</p> <p>21 Q. Has Seacret attempted to have Rovia fulfill</p> <p>22 travel for WorldVentures selling their travel</p> <p>23 memberships?</p> <p>24 MR. SLOVAK: Objection, form.</p> <p>25 A. Seacret has solicited the company to execute an</p>

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1 MSA for travel. We have chosen not to.
2 Q. (By Mr. Hoodenpyle) Well, Seacret's also
3 offered to fulfill its obligations and allow
4 WorldVentures' sales representatives to continue to sell
5 and have Rovia fulfill it and the debtors have denied
6 that; isn't that true?
7 MR. SLOVAK: Objection, form.
8 So, Todd, we' now at three hours and 20
9 minutes, so I've given you some latitude.
10 MR. HOODENPYLE: Well, under the
11 circumstances, I think it's warranted.
12 MR. SLOVAK: Okay. You can take that up,
13 but I think -- you know, I'll give you a couple more
14 questions here, but --
15 MR. HOODENPYLE: Well, we've got --
16 MR. SLOVAK: We haven't represented any,
17 so --
18 MR. HOODENPYLE: That's fine. We can --
19 we can -- we'll come back. And a lot of this, he's
20 involved in anyway, so we'll take a break and come back.
21 What do you want to do?
22 MR. SLOVAK: An hour, is that -- but
23 you're passing him as a corporate representative now,
24 correct?
25 MR. HOODENPYLE: I'm reserving my

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1 questions. I mean, I'm limited under the court order to
2 three hours, so I'm reserving my questions for discovery
3 and everything else and subject to getting any relief
4 for not getting responses to questions, so I mean, it's
5 not technically a pass of the witness. I just don't
6 have any more time.
7 MR. SLOVAK: Okay. So -- but for purposes
8 of the corporate representative deposition, we are now
9 concluding that deposition to resume in an hour for
10 Michael Poates' testimony as an individual subject to
11 whatever reservations that you tried to articulate,
12 right?
13 MR. HOODENPYLE: Well, yeah. However
14 inartfully I did it, Rob. Thank you. Yeah.
15 MR. SLOVAK: Don't worry about it.
16 MS. LEVINE: Can I just ask a question
17 about ordering the transcript? How do I do that?
18 THE REPORTER: Are we off the record?
19 MR. HOODENPYLE: Yeah. We can go off the
20 record for that.
21 THE VIDEOGRAPHER: Off the record,
22 2:04 p.m.
23 (Off the record at 2:04 p.m.)
24 - - - -
25

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1 CHANGES AND SIGNATURE
2 WITNESS NAME: MICHAEL POATES AS CORPORATE REPRESENTATIVE
3 DATE OF DEPOSITION: MARCH 10, 2021
4
5 Please indicate changes on this sheet of paper,
6 giving the change, page number, line number and reason
7 for the change. Please sign each page of changes.
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1 I, MICHAEL POATES AS CORPORATE REPRESENTATIVE, have
2 read the foregoing deposition and hereby affix my
3 signature that same is true and correct, except as noted
4 on the previous page(s), and that I am signing under
5 penalty of perjury.
6
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9
10
11
12
13
14
15 _____
16 MICHAEL POATES AS CORPORATE
17 REPRESENTATIVE, VOLUME 1
18
19
20
21
22
23
24
25

15 _____ No changes made _____ Amendment Sheet(s) attached

17 IN RE:
18 SPHERATURE INVESTMENTS LLC, et al.
19 -----
20 SPHERATURE INVESTMENTS LLC, et al. d/b/a
21 WORLD VENTURES HOLDINGS, LLC,
22 VS.
23 KENNETH E. HEAD
24
25 JOB NO. 2-375341

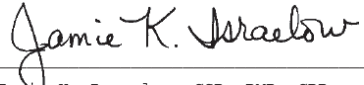
Page 54

1 IN THE UNITED STATES BANKRUPTCY COURT
2 FOR THE EASTERN DISTRICT OF TEXAS
3 SHERMAN DIVISION
4
5 IN RE:)
6 SPHERATURE INVESTMENTS) Chapter 11
7 LLC, et al.)
8) CASE NO. 20-42492
9 -----)
10)
11 SPHERATURE INVESTMENTS)
12 LLC, et al. d/b/a WORLD)
13 VENTURES HOLDINGS, LLC,)
14 Plaintiff,)
15)
16 VS.) Adversary No. 21-04058
17)
18 KENNETH E. HEAD,)
19 Defendant.)
20 REPORTER'S CERTIFICATION OF THE ORAL, VIDEOTAPED
21 AND VIDEOCONFERENCED DEPOSITION OF
22 MICHAEL POATES
23 AS CORPORATE REPRESENTATIVE
24 March 10, 2021
25 I, Jamie K. Israelow, a Certified Shorthand
Reporter duly commissioned and qualified in and for the
State of Texas, Registered Merit Reporter and Certified
Realtime Reporter, do hereby certify to the following:
That the witness, MICHAEL POATES AS CORPORATE
REPRESENTATIVE, was duly sworn by the officer and that
the transcript of the oral deposition is a true record
of the testimony given by the witness:

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1 That the original transcript was delivered to Mr.
2 Todd A. Hoodenpyle.
3 That a copy of the certificate was served on all
4 parties and/or the witness shown herein on
5 _____.
6 I further certify that pursuant to FRCP Rule
7 30(f)(1) that the signature of the deponent:
8 X was requested by the deponent or a party before
9 the completion of the deposition and that signature is
10 to be before any notary public and returned within 30
11 days from date of receipt of the transcript. If
12 returned, the attached Changes and Signature Page
13 contains any changes and the reasons therefor;
14 ____ was not requested by the deponent or a party
15 before the completion of the deposition.
16 I further certify that I am neither attorney or
17 counsel for, nor related to or employed by any of the
18 parties to the action in which this deposition is taken,
19 and further that I am not a relative or employee of any
20 attorney or counsel employed by the parties hereto, or
21 financially interested in the action.
22
23
24
25

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1 CERTIFIED TO BY ME on this _____ day of
2 _____, 2021.
3
4 
5
6 Jamie K. Israelow, CSR, RMR, CRR
7 Texas CSR 3801
8 Expiration Date: 4/30/2021
9 US Legal Support-Dallas
10 CRCB Registration No. 343
11 8144 Walnut Hill Lane, Suite 350
12 Dallas, Texas 75231
13 214.741.6001
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1 COUNTY OF DALLAS)
2 STATE OF TEXAS)
3 I hereby certify that the witness was notified
4 on _____ that the witness has 30 days (or
5 ____ days per agreement of counsel) after being
6 notified by the officer that the transcript is available
7 for review by the witness and if there any changes in
8 the form or substance to be made, then the witness shall
9 sign a statement reciting such changes and the reasons
10 given by the witness for making them;
11 That the witness's signature was/was not
12 returned as of _____.
13 Subscribed and sworn to on this, the _____
14 day of _____, 2021.
15
16
17
18
19 Jamie K. Israelow, CSR, RMR, CRR
20 Texas CSR 3801
21 Expiration Date: 4/30/2021
22 US Legal Support-Dallas
23 CRCB Registration No. 343
24 8144 Walnut Hill Lane, Suite 350
25 Dallas, Texas 75231
214.741.6001
Charge for transcript and exhibits \$ _____
To be paid by the Defendant / Mr. Todd A. Hoodenpyle
JOB NO. 2-375341

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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION

IN RE:)
SPHERATURE INVESTMENTS) Chapter 11
LLC, et al.)
) CASE NO. 20-42492
-----)
)
SPHERATURE INVESTMENTS)
LLC, et al. d/b/a WORLD)
VENTURES HOLDINGS, LLC,)
Plaintiff,)
)
VS.) Adversary No. 21-04058
)
KENNETH E. HEAD,)
Defendant.)

ORAL, VIDEOTAPED AND VIDEOCONFERENCED

DEPOSITION OF

MICHAEL POATES

March 10, 2021

VOLUME 1

(Reported remotely in Denton County, Texas)

<p style="text-align: right;">Page 2</p> <p>1 ORAL, VIDEOTAPED AND VIDEOCONFERENCED DEPOSITION OF</p> <p>2 MICHAEL POATES, produced as a witness at the instance of</p> <p>3 the Defendant, was taken in the above-styled and</p> <p>4 numbered cause on March 10, 2021, from 3:03 p.m. to 4:52</p> <p>5 p.m., before Jamie K. Israelow, Certified Shorthand</p> <p>6 Reporter in and for the State of Texas, Registered Merit</p> <p>7 Reporter and Certified Realtime Reporter, reported by</p> <p>8 machine shorthand, with the witness appearing remotely</p> <p>9 at the offices of Foley & Lardner, LLP, located at 2021</p> <p>10 McKinney Avenue, Suite 1600, in the City of Dallas,</p> <p>11 County of Dallas and State of Texas, Regarding the</p> <p>12 COVID-19 Disaster status, and the provisions stated on</p> <p>13 the record or attached hereto; that the deposition shall</p> <p>14 be read and signed before any notary public.</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>	<p style="text-align: right;">Page 4</p> <p style="text-align: center;">INDEX</p> <p style="text-align: right;">PAGE</p> <p>2 Appearances 3</p> <p>3 Stipulations 5</p> <p>4 MICHAEL POATES</p> <p>5 EXAMINATION BY MR. HOODENPYLE 5</p> <p>6</p> <p>7 Corrections and Signature 61</p> <p>8 Reporter's Certificate 63</p> <p>9</p> <p>10 (Exhibits provided electronically to the reporter</p> <p>11 and only the exhibits referred to are attached)</p> <p style="text-align: center;">EXHIBITS</p> <p>12 NO. DESCRIPTION PAGE</p> <p>13 Exhibit 17 E-mail dated 12/31/2020, to 48</p> <p>14 Michael Poates from Eddie Head</p> <p>15 Exhibit 19 Corporate communication titled 51</p> <p>16 Stalking-Horse Bidder</p> <p>17 Exhibit 24 E-mail chain, top e-mail dated 7</p> <p>18 10/7/2020, to Izhak Ben Shabat</p> <p>19 from Eddie Head</p> <p>20 Exhibit 30 E-mail chain, top e-mail dated 40</p> <p>21 10/31/2020, to John Kelly from Ray</p> <p>22 A. Balestri</p> <p>23 Exhibit 41 E-mail chain, top e-mail dated 44</p> <p>24 12/28/2020, to Michael Poates from</p> <p>25 Eddie Head</p> <p>26 Exhibit 45 E-mail dated December 31, 2020, to 47</p> <p>27 Michael Poates from Eddie Head</p> <p>28 Exhibit 48 E-mail chain, top e-mail dated 53</p> <p>29 2/25/2021, to Reuven Cypers from</p> <p>30 Michael Poates</p> <p>31 Exhibit 49 E-mail chain, top e-mail dated 26</p> <p>32 10/21/2020, to Izhak Ben Shabat</p> <p>33 and others from Ray a. Balestri</p> <p>34 Exhibit 50 E-mail chain, top e-mail dated 27</p> <p>35 10/21/2020, to Izhak Ben Shabat</p> <p>36 and others from Ray A. Balestri</p>
<p style="text-align: right;">Page 3</p> <p>1 REMOTE APPEARANCES</p> <p>2</p> <p>3 FOR THE PLAINTIFF:</p> <p>4 Mr. Robert Slovak</p> <p>5 Mr. Steven C. Lockhart</p> <p>6 Mr. Brandon C. Marx</p> <p>7 FOLEY & LARDNER, LLP</p> <p>8 2021 McKinney Avenue, Suite 1600</p> <p>9 Dallas, Texas 75201</p> <p>10 214.999.4334</p> <p>11 214.999.4668</p> <p>12 214.999.4754</p> <p>13 rslovak@foley.com</p> <p>14 slockhart@foley.com</p> <p>15 bmarx@foley.com</p> <p>16</p> <p>17 FOR THE DEFENDANT:</p> <p>18 Mr. Todd A. Hoodenpyle</p> <p>19 SINGER & LEVICK, P.C.</p> <p>20 16200 Addison Road, Suite 140</p> <p>21 Addison, Texas 75001</p> <p>22 972.380.5533</p> <p>23 hoodenpyle@singerlevick.com</p> <p>24</p> <p>25 ALSO PRESENT:</p> <p>26 Mr. Eric Haynes</p> <p>27 Mr. Robert Feinstein</p> <p>28 Mr. Kenneth E. "Eddie" Head</p> <p>29 Mr. Bill Hartley, Videographer</p> <p>30</p> <p>31</p> <p>32</p> <p>33</p> <p>34</p> <p>35</p>	<p style="text-align: right;">Page 5</p> <p style="text-align: center;">P R O C E E D I N G S</p> <p>2 (On the record at 3:03 p.m.)</p> <p>3 (Reporter's Note: Due to the quality of a</p> <p>4 Zoom videoconference and transmission of</p> <p>5 data, audio distortion and audio freezes</p> <p>6 make it more challenging to prepare a</p> <p>7 transcript as opposed to one prepared</p> <p>8 during in-person proceedings.)</p> <p>9 (Witness presents government-issued</p> <p>10 identification and identity verified.)</p> <p>11 (All exhibit were premarked.)</p> <p>12 THE VIDEOGRAPHER: Today is March 10th,</p> <p>13 year 2021. We're going on the record, 3:03 p.m.</p> <p>14 THE REPORTER: Same agreement as before?</p> <p>15 MR. SLOVAK: Yes.</p> <p>16 MR. HOODENPYLE: Yeah, same agreements.</p> <p>17 MICHAEL POATES,</p> <p>18 having been first duly sworn, testified as follows:</p> <p>19 EXAMINATION</p> <p>20 BY MR. HOODENPYLE:</p> <p>21 Q. Would you state your full name, please.</p> <p>22 A. Yes, sir. Michael Dean Poates.</p> <p>23 Q. Mr. Poates, you testified earlier today as a</p> <p>24 corporate representative for the debtors, so I would</p> <p>25 like to just operate with the same kind of defined terms</p>

<p style="text-align: right;">Page 6</p> <p>1 that we used earlier today in that deposition; is that</p> <p>2 okay?</p> <p>3 A. Yes, sir.</p> <p>4 Q. Just for some added background for this</p> <p>5 transcript, you're currently the chief operating officer</p> <p>6 of the debtors; is that correct?</p> <p>7 A. Yes, sir.</p> <p>8 Q. And you've been in that role since March of</p> <p>9 2020?</p> <p>10 A. Yes, sir.</p> <p>11 Q. And do you report to anyone?</p> <p>12 A. Wayne Nugent.</p> <p>13 Q. Is Mr. Nugent still active in the debtors'</p> <p>14 business?</p> <p>15 A. Yes. He's still the CEO.</p> <p>16 Q. Earlier in the corporate representative</p> <p>17 deposition, we discussed some conversations that you had</p> <p>18 with Izhak Ben Shabat in October of last year about the</p> <p>19 time that he was learning that the company was</p> <p>20 insolvent.</p> <p>21 Do you recall that line of questioning?</p> <p>22 A. Yes.</p> <p>23 Q. And I'm going to pull up an exhibit, just to</p> <p>24 give a point of reference.</p> <p>25 (Counsel displays document.)</p>	<p style="text-align: right;">Page 8</p> <p>1 Q. Okay. When in this conversation was -- that</p> <p>2 you had with Mr. Ben Shabat before this e-mail string?</p> <p>3 A. I think it -- I think it occurred the very --</p> <p>4 the first week in October.</p> <p>5 Q. And what was the purpose of your call?</p> <p>6 A. Just to make an introduction and see if he had</p> <p>7 any interest in investing in WorldVentures.</p> <p>8 Q. Is that the first time you've ever spoken to</p> <p>9 Mr. Ben Shabat?</p> <p>10 A. Yes, sir, I believe so.</p> <p>11 Q. Okay. And what did you and Mr. Ben Shabat</p> <p>12 discuss in that conversation?</p> <p>13 A. We discussed the -- the state of the brand and</p> <p>14 the fact that we were making resolutions to -- or</p> <p>15 planning to file a bankruptcy and we needed a -- a</p> <p>16 potential partner that might be interested in coming in</p> <p>17 with it and helping us work through the bankruptcy and</p> <p>18 coming out whole.</p> <p>19 Q. And what was Mr. Ben Shabat's response?</p> <p>20 A. He was very polite, very cordial and, you know,</p> <p>21 we -- I heard a second person on that call with me,</p> <p>22 Bo Short. Bo was the one that made the introduction,</p> <p>23 and I had heard from Bo that -- the follow-up on the</p> <p>24 call was that there wasn't -- there wasn't an interest</p> <p>25 in investing in the company.</p>
<p style="text-align: right;">Page 7</p> <p>1 Q. (By Mr. Hoodenpyle) It's marked Exhibit --</p> <p>2 Defendant's Exhibit 24, and the first e-mail there at</p> <p>3 the -- in the middle of the second page is an e-mail</p> <p>4 that we looked at in the other deposition from Mr. Ben</p> <p>5 Shabat where he says that he's learned that the debtors</p> <p>6 are on the verge of bankruptcy. Do you see that?</p> <p>7 A. Yes.</p> <p>8 Q. And then Eddie Head responded a little while</p> <p>9 later to Mr. -- Mr. Ben Shabat. And then later, it</p> <p>10 looks like Eddie forwarded your contact information to</p> <p>11 Mr. Ben Shabat. Do you see that?</p> <p>12 A. Yes, sir.</p> <p>13 Q. Is this the first time that you had spoken to</p> <p>14 Mr. Ben Shabat after that e-mail, or had you spoken to</p> <p>15 him before?</p> <p>16 Do you need me to enlarge this?</p> <p>17 A. Yeah. You know what, yeah. I'm so sorry.</p> <p>18 Q. Is that better?</p> <p>19 A. Yeah. Thank you. I appreciate it.</p> <p>20 Q. And if you need me to scroll down, just let me</p> <p>21 know.</p> <p>22 A. Did I have a conversation prior to this</p> <p>23 discussion?</p> <p>24 Q. Yes.</p> <p>25 A. Yes.</p>	<p style="text-align: right;">Page 9</p> <p>1 Q. Okay. Was there anyone else on that call,</p> <p>2 other than you, Mr. Nugent -- or I'm sorry.</p> <p>3 Was there anyone else on that call,</p> <p>4 besides you, Mr. Ben Shabat and Bo Short?</p> <p>5 A. Yeah. So I -- I thought Muzafer was on that</p> <p>6 call, and I don't want to -- I'm trying not to butcher</p> <p>7 that name -- a gentleman by the name of Mutzafer or</p> <p>8 Muzafer.</p> <p>9 Q. Did Muzafer say anything in that conversation?</p> <p>10 A. I don't remember. I'm sorry.</p> <p>11 Q. In that conversation, did you tell Mr. Ben</p> <p>12 Shabat that you were trying to remove Mr. Nugent from</p> <p>13 the company?</p> <p>14 A. No.</p> <p>15 Q. Did you ever tell Mr. Ben Shabat that you were</p> <p>16 trying to remove Mr. Nugent from the company?</p> <p>17 A. No. Could I get a clarification, if you don't</p> <p>18 mind? So we talked about the chapter, the bankruptcy</p> <p>19 and a 363 sale. And what was discussed was that in a</p> <p>20 363 sale, there would be a material change of ownership.</p> <p>21 So that's -- that's how I discussed it, not in terms of</p> <p>22 removing Wayne from his position, but that there would</p> <p>23 be a change in ownership.</p> <p>24 MR. HOODENPYLE: Objection, nonresponsive.</p> <p>25 Q. (By Mr. Hoodenpyle) Did you ever tell Mr. Ben</p>

<p style="text-align: right;">Page 10</p> <p>1 Shabat that you were trying to remove Mr. Nugent from</p> <p>2 the company?</p> <p>3 A. No.</p> <p>4 Q. It's your testimony that you've never told</p> <p>5 Mr. Ben Shabat that you were trying to remove Mr. Nugent</p> <p>6 from WorldVentures?</p> <p>7 MR. SLOVAK: Objection.</p> <p>8 Q. (By Mr. Hoodenpyle) Is that your testimony?</p> <p>9 A. Yes, under the -- under the -- that there was</p> <p>10 a -- it was a likely change of ownership in a bankruptcy</p> <p>11 scenario so that -- so, yes, the answer would be yes,</p> <p>12 correct.</p> <p>13 Q. You recall giving a declaration in support of</p> <p>14 the debtors' application for injunctive relief?</p> <p>15 A. Yes, sir.</p> <p>16 (Counsel displays document.)</p> <p>17 Q. (By Mr. Hoodenpyle) I've pulled up the exhibit</p> <p>18 for you to see there. And I haven't marked it as an</p> <p>19 exhibit, but this is from Docket Number 2, it's the</p> <p>20 declaration, Paragraph 14.</p> <p>21 Your testimony was that: Attached as</p> <p>22 Exhibit A-6 to the application is a true and correct</p> <p>23 copy of the Limited Solicitation Agreement dated</p> <p>24 November 11th, 2020, by and between WorldVentures</p> <p>25 Marketing and Seacret, which was negotiated by Head.</p>	<p style="text-align: right;">Page 12</p> <p>1 in favor of the Limited Solicitation Agreement.</p> <p>2 Q. (By Mr. Hoodenpyle) Did you say you didn't</p> <p>3 style this document?</p> <p>4 A. Well, I'm -- what I'm saying is that I</p> <p>5 didn't -- I didn't write the document, and so I -- so --</p> <p>6 Q. But you do understand that your declaration is</p> <p>7 your testimony subject to penalty of perjury, correct?</p> <p>8 A. Yes, sir.</p> <p>9 Q. Okay. So are you saying that what you wrote</p> <p>10 there was untrue?</p> <p>11 A. No. It was true.</p> <p>12 Q. Well, it's not completely true, because</p> <p>13 Mr. Head's not the only one that negotiated the LSA on</p> <p>14 behalf of WorldVentures; isn't that true?</p> <p>15 MR. SLOVAK: Objection, form.</p> <p>16 A. I mean, I believe that -- I believe that Eddie</p> <p>17 Head was the primary person that negotiated that</p> <p>18 agreement. I think the agreement was circulated and not</p> <p>19 agreed upon by most of the -- if not all of the senior</p> <p>20 team, so that's -- that's my understanding.</p> <p>21 MR. HOODENPYLE: Objection, nonresponsive.</p> <p>22 Q. (By Mr. Hoodenpyle) Your testimony there is</p> <p>23 not completely true because you didn't list all of the</p> <p>24 people that were negotiating the LSA on behalf of</p> <p>25 WorldVentures; isn't that true?</p>
<p style="text-align: right;">Page 11</p> <p>1 You see the section I've -- the sentence I</p> <p>2 just read?</p> <p>3 A. Yes, sir, I do.</p> <p>4 Q. By your testimony there, was it your intent to</p> <p>5 lead the court to believe that Eddie Head was solely</p> <p>6 responsible for negotiating the LSA?</p> <p>7 A. I believe that he carried the lion's share of</p> <p>8 the effort with respect to -- on our side of the -- on</p> <p>9 our side being the WorldVentures side. I believe that</p> <p>10 he carried the lion's share of the negotiations.</p> <p>11 MR. HOODENPYLE: I object as</p> <p>12 nonresponsive.</p> <p>13 Q. (By Mr. Hoodenpyle) My question was,</p> <p>14 Mr. Poates: Was it your intent to lead the court to</p> <p>15 believe that Mr. Head was solely responsible for</p> <p>16 negotiating the LSA on behalf of WorldVentures?</p> <p>17 A. No.</p> <p>18 Q. Why didn't you include the other parties who</p> <p>19 were involved in negotiating the LSA in the declaration</p> <p>20 there?</p> <p>21 MR. SLOVAK: Objection, form.</p> <p>22 A. I didn't -- I didn't think that that particular</p> <p>23 item would have been relevant to the -- as an exhibit,</p> <p>24 and I didn't style this document. What I thought was</p> <p>25 relevant was that a large portion of the group was not</p>	<p style="text-align: right;">Page 13</p> <p>1 MR. SLOVAK: Objection, form.</p> <p>2 A. It's true that I did not list all of the</p> <p>3 people.</p> <p>4 Q. (By Mr. Hoodenpyle) In fact, earlier today,</p> <p>5 testifying in corporate -- as a corporate</p> <p>6 representative, you also said: Wayne Nugent was</p> <p>7 involved in negotiating the LSA, and that you personally</p> <p>8 had laid eyes on the LSA and internal and outside</p> <p>9 counsel -- internal and external counsel had laid eyes</p> <p>10 on the LSA, and Eric Haynes -- well, Eric Haynes is</p> <p>11 internal counsel.</p> <p>12 Isn't that true, all of those people had</p> <p>13 laid eyes on the LSA as part of the negotiation process?</p> <p>14 MR. SLOVAK: Objection, form.</p> <p>15 A. Yeah. I think that -- I think that I was</p> <p>16 confused and my understanding was that -- I just got</p> <p>17 confused on what document we were talking about, the</p> <p>18 Limited Solicitation Agreement. It's just how I know</p> <p>19 the document. And so my -- my understanding is that we</p> <p>20 did not participate -- that Eddie was the primary person</p> <p>21 that was participating with the negotiating -- the</p> <p>22 negotiations of that document. That document may have</p> <p>23 been circulated amongst the team, but generally, the</p> <p>24 leadership team didn't agree with the document and we</p> <p>25 advised against entering into that document.</p>

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1 Q. (By Mr. Hoodenpyle) Is there any written
2 documentation that you advised against entering into
3 this LSA?

4 A. I believe there is. I think that --

5 Q. Where --

6 A. It might not be me per se; it might be our
7 legal counsel that responded after discussion.

8 MR. HOODENPYLE: Objection, nonresponsive.

9 Q. (By Mr. Hoodenpyle) My question, Mr. Poates:
10 Is there anything in writing where you said you do not
11 agree with the LSA?

12 A. I don't know.

13 Q. The LSA was actually signed by Mr. Nugent,
14 isn't it?

15 A. Yes, sir, I believe so.

16 Q. The fact is that Mr. Nugent made the decision
17 to sign off on the LSA, not Mr. Head; isn't that a fact?

18 A. I believe that is true, sir, yes.

19 Q. Did you ever ask Mr. Ben Shabat if you could
20 move over and be employed by Seacret?

21 A. No. We did ask -- we did discuss the capacity
22 of maybe buying Rovia, and if we would consider
23 operating Rovia as a go-forward entity, and that was a
24 discussion that did occur.

25 MR. HOODENPYLE: Object as nonresponsive.

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1 Q. (By Mr. Hoodenpyle) My question was: Did you
2 ever ask Mr. Ben Shabat if he could move over and be
3 employed by Seacret?

4 A. I don't recall asking that. To my
5 understanding, I did not ask that.

6 Q. It's your understanding that you didn't ask?

7 A. Correct. It's my understanding that we
8 asked -- we tried to do a deal with -- with Rovia to try
9 to get Rovia either bought by Izhak or internally
10 together a group to keep it alive and we discussed that
11 additionally with Wayne Nugent and having Rovia be, you
12 know, the business that it would stay intact and provide
13 travel services potentially for Seacret, and then -- so
14 that's generally what the discussions were.

15 MR. HOODENPYLE: Object as nonresponsive.

16 Q. (By Mr. Hoodenpyle) Did you ever ask Mr. Ben
17 Shabat if he would consider giving back 49 percent of
18 the company for you and the other executives if Mr. Ben
19 Shabat purchased WorldVentures?

20 A. Yes.

21 Q. And when did you do that?

22 A. In my discussion, I think my very first
23 discussion with him.

24 Q. So that 1st October discussion, you asked that?

25 A. I believe so, yes.

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1 Q. What was Mr. Ben Shabat's response to that
2 idea?

3 A. I think he listened politely to all options,
4 and I received a response via Bo Short that he just
5 wasn't interested in acquiring a brand or putting it out
6 to bid.

7 Q. Did you ever borrow a million dollars to put in
8 this deal anticipating that Seacret would purchase the
9 assets of WorldVentures?

10 A. I've borrowed money anticipating that I might
11 need funds to -- to do another venture, and certainly,
12 there was a possibility to buy Rovia. That would have
13 been something that -- that I would have entertained,
14 but it's -- the way it is now in bankruptcy, it's just
15 -- you know, a combined asset is how they're looking at
16 it, so no.

17 Q. Okay.

18 A. So no, I have not borrowed a million dollars.
19 I have access to that. I have not made that. I have
20 not borrowed a million dollars for the purposes of
21 buying WorldVentures.

22 Q. Were you opposed to Seacret purchasing the
23 assets of WorldVentures?

24 A. Absolutely not.

25 Q. But you were opposed to the -- you say that you

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1 were opposed to the LSA?

2 A. Yes, sir.

3 Q. Did you ever tell Izhak Ben Shabat that you
4 borrowed \$1 million in anticipation of this deal that
5 Seacret was going to buy the assets of WorldVentures?

6 A. Yeah. I don't recall that. I recall saying
7 that -- discussing that -- that the executive team may
8 be interested, including myself, in investing in the
9 Rovia side of the business or investing in the
10 WorldVentures side of the business as a workout strategy
11 for a POR and a reorganization through a bankruptcy
12 process. That's what I recall.

13 Q. So you borrowed money to potentially buy part
14 of WorldVentures through a work-out process?

15 A. No. I borrowed money, frankly, thinking
16 that -- that there's a lot of ways that WorldVentures
17 may not exit the bankruptcy or exit iterations in its
18 current form, and so I was -- pulled the capital, more
19 or less, to look at restaurant opportunities in the
20 marketplace.

21 Q. Did you say "restaurant opportunities"?

22 A. Yes, sir, restaurant.

23 Q. Mr. Poates, there have been a number of
24 recordings that have been produced in this case.
25 Have you listened to any of them?

<p style="text-align: right;">Page 18</p> <p>1 A. No.</p> <p>2 Q. So you haven't heard the recording of you</p> <p>3 telling Mr. -- I believe Mr. Ben Shabat that you</p> <p>4 borrowed \$1 million anticipating in reliance on this</p> <p>5 transaction of Seacret buying assets?</p> <p>6 MR. SLOVAK: Objection, form.</p> <p>7 A. I mean, if it's on -- if it's recorded, then,</p> <p>8 yeah. I mean, that's how the conversation went. I've</p> <p>9 had a lot of discussions with him, yes.</p> <p>10 Q. (By Mr. Hoodenpyle) So you did tell Mr. Ben</p> <p>11 Shabat that you borrowed a million dollars anticipating</p> <p>12 this transaction; isn't that right?</p> <p>13 MR. SLOVAK: Objection, form.</p> <p>14 A. Yes, if it's on -- if it's in -- if it's on a</p> <p>15 recording. I just don't recall. I mean, I've had a lot</p> <p>16 of conversations. I'm sorry.</p> <p>17 Q. (By Mr. Hoodenpyle) Earlier in the corporate</p> <p>18 representative deposition, we talked about the e-mails</p> <p>19 where you added Eddie Head and Justin Call to the list</p> <p>20 of employees who would be authorized to go over and work</p> <p>21 for Seacret.</p> <p>22 Do you remember that e-mail when that --</p> <p>23 that line of questioning?</p> <p>24 MR. SLOVAK: Objection, form.</p> <p>25 Q. (By Mr. Hoodenpyle) Did you ask Mr. Head to</p>	<p style="text-align: right;">Page 20</p> <p>1 Q. Did you ever tell Mr. Ben Shabat that you were</p> <p>2 concerned about the debtors having to pay severances?</p> <p>3 A. Yes.</p> <p>4 Q. When did you tell him that?</p> <p>5 A. I don't recall the exact time and date, but</p> <p>6 yes, I did say that.</p> <p>7 Q. Was that during the November conversations</p> <p>8 regarding the LSA and waiving provision -- or Section</p> <p>9 1.5?</p> <p>10 A. It may have been, yes.</p> <p>11 Q. Did you also tell Mr. Ben Shabat that you were</p> <p>12 concerned about consequences under the WARN Act?</p> <p>13 A. Yes.</p> <p>14 Q. Do you recall Mr. Ben Shabat asking you</p> <p>15 questions along the lines of why the debtors were not</p> <p>16 paying commissions to their sales representatives?</p> <p>17 MR. SLOVAK: Objection, form.</p> <p>18 A. Yes.</p> <p>19 Q. (By Mr. Hoodenpyle) And what did you tell</p> <p>20 them?</p> <p>21 A. That the company did not have the cash flow to</p> <p>22 make those payments.</p> <p>23 Q. Is there anything else that you recall telling</p> <p>24 Mr. Ben Shabat on that subject?</p> <p>25 A. Not off the hand, no.</p>
<p style="text-align: right;">Page 19</p> <p>1 stay with WorldVentures until the bankruptcy filing at</p> <p>2 any point?</p> <p>3 A. Yes. I -- I said that it -- based on the fact</p> <p>4 that -- that Seacret was the only group that was the APA</p> <p>5 at the time, I felt it would be helpful to have Eddie</p> <p>6 stay with the brand up until the time that, you know, it</p> <p>7 didn't make sense, and so we -- there was a point in</p> <p>8 time where I don't think that I could answer your</p> <p>9 question yes.</p> <p>10 Q. Well, in the lawsuit, you -- the debtors have</p> <p>11 claimed that Mr. Head was not doing a good job. Why</p> <p>12 would you ask him to stay on through the -- to stay with</p> <p>13 the brand if he wasn't doing a good job?</p> <p>14 MR. SLOVAK: Objection, form.</p> <p>15 A. I felt that he was intricately involved with</p> <p>16 the solicitation agreement and I think I thought it</p> <p>17 would be useful to have that material knowledge, you</p> <p>18 know, under -- under the governance of an employment</p> <p>19 agreement with our company.</p> <p>20 Q. (By Mr. Hoodenpyle) Do you recall a November</p> <p>21 17 call that you had with Mr. Ben Shabat about moving</p> <p>22 employees over to Seacret?</p> <p>23 A. No, but if he's recorded me, if he's got a</p> <p>24 recording, I could listen to it. It would certainly</p> <p>25 help me with recollection.</p>	<p style="text-align: right;">Page 21</p> <p>1 Q. You recall telling Mr. Ben Shabat that y'all</p> <p>2 didn't pay the commissions to the sales representatives</p> <p>3 because you were concerned that the creditors might put</p> <p>4 the company into an involuntary bankruptcy?</p> <p>5 MR. SLOVAK: Objection, form.</p> <p>6 A. I think that that would have been taken out of</p> <p>7 context. That context, that wouldn't have made sense.</p> <p>8 I just don't recall it. I'm not saying a conversation</p> <p>9 did or did not happen. I just don't recall having that</p> <p>10 conversation and it wouldn't have made -- it wouldn't</p> <p>11 have made sense in how a bankruptcy operates.</p> <p>12 THE REPORTER: I'm sorry? It wouldn't</p> <p>13 have made sense? I didn't catch the last part.</p> <p>14 THE WITNESS: In how a bankruptcy</p> <p>15 operates.</p> <p>16 MR. HOODENPYLE: I'm going to object as</p> <p>17 nonresponsive.</p> <p>18 Q. (By Mr. Hoodenpyle) My question was: Did you</p> <p>19 tell Mr. Ben Shabat that you were concerned about paying</p> <p>20 sale reps commissions or that you were choosing not to</p> <p>21 pay sale reps commissions because you were concerned</p> <p>22 about the creditors putting the company into an</p> <p>23 involuntary bankruptcy? Did you tell him that?</p> <p>24 MR. SLOVAK: Objection, form.</p> <p>25 A. I just don't recall. I'm sorry.</p>

<p style="text-align: right;">Page 22</p> <p>1 Q. (By Mr. Hoodenpyle) Did you pay yourself a</p> <p>2 bonus and other executives get paid bonuses near the end</p> <p>3 of the year last year?</p> <p>4 MR. SLOVAK: Objection, form.</p> <p>5 A. Yes.</p> <p>6 Q. (By Mr. Hoodenpyle) How much of a bonus were</p> <p>7 you paid?</p> <p>8 A. I don't recall. It -- they were retention</p> <p>9 bonuses to keep the senior leadership onboard the asset</p> <p>10 and work it through a bankruptcy.</p> <p>11 Q. Were these bonuses paid before or after the</p> <p>12 bankruptcy filing?</p> <p>13 A. Before.</p> <p>14 Q. Were you paid more than six figures?</p> <p>15 A. Yes.</p> <p>16 Q. And who were the other executives that were</p> <p>17 paid bonuses?</p> <p>18 A. Eric Haynes, Paul Jenkins, Simon Davies.</p> <p>19 Q. Did all of you receive six-figure bonuses?</p> <p>20 A. Yes.</p> <p>21 Q. How much did Mr. Head receive in a bonus late</p> <p>22 last year?</p> <p>23 A. I -- I don't know.</p> <p>24 Q. He didn't get anything, did he?</p> <p>25 A. He wasn't part of the retention bonus, no, sir.</p>	<p style="text-align: right;">Page 24</p> <p>1 A. I just don't remember. Possibly, but I just</p> <p>2 don't remember.</p> <p>3 Q. Do you recall discussing with Mr. Head that he</p> <p>4 would not receive a six-month severance package because</p> <p>5 it wouldn't be necessary because he was moving over to</p> <p>6 Seacret?</p> <p>7 MR. SLOVAK: Objection, form.</p> <p>8 A. Yes. I think I did have something -- a</p> <p>9 discussion along those lines in that phrase, yes.</p> <p>10 Q. (By Mr. Hoodenpyle) Okay. And when was that</p> <p>11 discussion?</p> <p>12 A. I don't know. I'm sorry.</p> <p>13 Q. Do you remember if it was in November or</p> <p>14 December of last year?</p> <p>15 A. No.</p> <p>16 Q. So tell me what you and Mr. Head said in that</p> <p>17 conversation.</p> <p>18 A. I just don't recall. It was -- it was a long</p> <p>19 time ago.</p> <p>20 Q. There's not anything you can remember, as you</p> <p>21 sit here today, other than the fact that it dealt with</p> <p>22 Mr. Head not receiving a severance package because he</p> <p>23 was going over to work for Seacret?</p> <p>24 A. Inevitably, yes.</p> <p>25 Q. Was it before the bankruptcy filing?</p>
<p style="text-align: right;">Page 23</p> <p>1 Q. The month that you paid bonuses to yourself and</p> <p>2 the other -- these other executives, did you pay the</p> <p>3 sales representatives residual commissions in full?</p> <p>4 MR. SLOVAK: Objection, form.</p> <p>5 A. I don't -- I don't know the answer to that. I</p> <p>6 would have to -- I'd have to drill in and look to see</p> <p>7 what -- what the others received, but I just don't know</p> <p>8 off-the-cuff. I know we paid some portion of</p> <p>9 commission. I just don't know what it is.</p> <p>10 Q. (By Mr. Hoodenpyle) The answer is no, you</p> <p>11 didn't pay the residual commissions in full, isn't it?</p> <p>12 MR. SLOVAK: Objection, form.</p> <p>13 A. No, we did not pay the residual commissions in</p> <p>14 full.</p> <p>15 Q. (By Mr. Hoodenpyle) Going back to our</p> <p>16 conversation or questions about your conversations with</p> <p>17 Mr. Head, did you ask Mr. Head to stay on with</p> <p>18 WorldVentures to support communication of the bankruptcy</p> <p>19 plan?</p> <p>20 A. Yes. That was one of the things that we needed</p> <p>21 help with in communicating the plan to the field. We</p> <p>22 felt that Eddie had a good relationship with the field</p> <p>23 and had the capacity to communicate it, yes, sir.</p> <p>24 Q. Did you discuss with Mr. Head whether he would</p> <p>25 receive a six-month severance package?</p>	<p style="text-align: right;">Page 25</p> <p>1 A. I don't recall.</p> <p>2 Q. Did you have a discussion with Mr. Head that</p> <p>3 his moving to Seacret would benefit the bankruptcy</p> <p>4 estate because it would do away with the liability?</p> <p>5 A. I don't recall having that discussion.</p> <p>6 Q. Did Mr. Head stay on and support communication</p> <p>7 of the plan, or what you were proposing to do?</p> <p>8 MR. SLOVAK: Objection, form.</p> <p>9 A. So I -- yes. I think that Eddie did</p> <p>10 communicate on behalf of the estate, and generally, I</p> <p>11 don't -- I don't recall any case where he wasn't</p> <p>12 cooperative with the request.</p> <p>13 Q. (By Mr. Hoodenpyle) Did Mr. Head attempt to</p> <p>14 support or cooperate in the Asset Purchase Agreement</p> <p>15 process?</p> <p>16 A. Yes, sir.</p> <p>17 Q. Let's go back in time a little bit to October.</p> <p>18 Do you recall in October that Ray</p> <p>19 Balestri, the attorney for WorldVentures, sent a cease</p> <p>20 and desist letter to a couple of people to ask them to</p> <p>21 stop working on the negotiation of the -- the LOI?</p> <p>22 A. Yes, sir.</p> <p>23 Q. Do you have any personal knowledge of how it</p> <p>24 came to be that Ray Balestri sent this cease and desist</p> <p>25 letter to Eddie Head and to Izhak Ben Shabat?</p>

<p style="text-align: right;">Page 26</p> <p>1 MR. SLOVAK: Objection.</p> <p>2 A. I just have hearsay and I don't have personal</p> <p>3 knowledge to that.</p> <p>4 Q. (By Mr. Hoodenpyle) You weren't involved in</p> <p>5 that?</p> <p>6 A. The -- it's my recollection that Wayne made the</p> <p>7 request, Wayne Nugent.</p> <p>8 Q. Okay. Let me show you what I've marked as</p> <p>9 Exhibit 49.</p> <p>10 (Counsel displays document.)</p> <p>11 Q. (By Mr. Hoodenpyle) And then this is</p> <p>12 Exhibit 49. It's Defendant's Exhibit 49, first e-mail.</p> <p>13 A. Do you think -- sir, you could make it just a</p> <p>14 little bit larger. I'm sorry.</p> <p>15 Q. That's fine. I will. Just give me one second.</p> <p>16 A. Okay.</p> <p>17 Q. Well, actually, Exhibit 49, this is a request</p> <p>18 from Mr. Balestri. Well, it doesn't look like you were</p> <p>19 copied on this. An e-mail that he sent asking Seacret</p> <p>20 to stop communicating, and you also said, likewise, we</p> <p>21 request that all communications cease with Eddie Head.</p> <p>22 So Mr. Balestri was asking Seacret to stop</p> <p>23 communicating with WorldVentures and Mr. Head.</p> <p>24 You're aware of that?</p> <p>25 A. Yes, sir.</p>	<p style="text-align: right;">Page 28</p> <p>1 letter was issued at Wayne's request, then it's my</p> <p>2 understanding that Wayne had asked Eddie to reengage on</p> <p>3 the deal.</p> <p>4 Q. Well, Mr. Nugent actually sent an e-mail up to</p> <p>5 the team confirming at some point that he wanted to make</p> <p>6 sure we're all working together as a team including</p> <p>7 Eddie Head.</p> <p>8 MR. SLOVAK: Objection, form.</p> <p>9 A. You know what? I believe I saw that e-mail,</p> <p>10 yes, sir.</p> <p>11 Q. (By Mr. Hoodenpyle) Okay. Who is Tom</p> <p>12 Montgomery?</p> <p>13 A. Our senior secured lender.</p> <p>14 Q. What is the name of the lender?</p> <p>15 A. MCA, Montgomery Capital Associates. I'm sorry</p> <p>16 for the initials.</p> <p>17 Q. When did WorldVentures first do a transaction</p> <p>18 with MCA?</p> <p>19 MR. SLOVAK: I'm going to object for a</p> <p>20 second. I mean, what does any of this have to do with</p> <p>21 the temporary injunction?</p> <p>22 MR. HOODENPYLE: Well, forget- -- it's</p> <p>23 follow-up to these questions about Mr. Head being the</p> <p>24 only person being involved in all of this and driving</p> <p>25 this, so that's where we're going.</p>
<p style="text-align: right;">Page 27</p> <p>1 (Counsel displays document.)</p> <p>2 Q. (By Mr. Hoodenpyle) I'll show you what's been</p> <p>3 marked as Exhibit Number 50.</p> <p>4 Exhibit 50 is another e-mail. This one,</p> <p>5 you are copied on, where Mr. Balestri sends an e-mail --</p> <p>6 it looks similar to the other one, but you're copied on</p> <p>7 this one. Let me make sure you were -- oh, you were</p> <p>8 copied on the other as well, or maybe the same e-mail.</p> <p>9 So at some point in time, there was a</p> <p>10 request of Mr. Head to stop and not be involved in this</p> <p>11 and he later became involved.</p> <p>12 Are you aware that Mr. Nugent asked</p> <p>13 Mr. Head to be involved in the negotiation process</p> <p>14 again?</p> <p>15 MR. SLOVAK: Objection, form.</p> <p>16 A. I wasn't directly made aware, but I assumed</p> <p>17 that that had happened because it was my understanding</p> <p>18 that the directive for the cease and desist came from</p> <p>19 Wayne, and then I think that Wayne authorized the</p> <p>20 continued discussion and the continued engagement of it.</p> <p>21 Q. (By Mr. Hoodenpyle) Say that again.</p> <p>22 A. I'm sorry, sir.</p> <p>23 So that was just my understanding that</p> <p>24 Wayne authorized it. After -- I know it's hard to</p> <p>25 understand the logic, but after the cease and desist</p>	<p style="text-align: right;">Page 29</p> <p>1 Q. (By Mr. Hoodenpyle) So when did Montgomery</p> <p>2 first become a lender to WorldVentures?</p> <p>3 A. I don't know. I'm sorry.</p> <p>4 Q. Okay.</p> <p>5 A. I can confirm he is and, you know, I can</p> <p>6 confirm that through my tenure, he's been active as a</p> <p>7 lender with the business.</p> <p>8 Q. Okay. Are you aware that Mr. Montgomery wanted</p> <p>9 to be involved in these negotiations with Seacret over</p> <p>10 the LOI and the LSA?</p> <p>11 A. Yes, sir.</p> <p>12 Q. And is that one of the reasons why the cease</p> <p>13 and desist letter went out, is because Mr. Montgomery</p> <p>14 wanted to be involved?</p> <p>15 MR. SLOVAK: Objection.</p> <p>16 A. That's not my understanding.</p> <p>17 Q. (By Mr. Hoodenpyle) Okay. What -- what</p> <p>18 involvement had Mr. Montgomery had in the negotiations</p> <p>19 with Seacret?</p> <p>20 A. The calls that I -- we're on, I think that Tom,</p> <p>21 with respect to the APA, was right in the middle of it</p> <p>22 for quite some time in the negotiations.</p> <p>23 Q. Okay. And can you be a little more specific?</p> <p>24 What does that mean, that he was right in the middle of</p> <p>25 it?</p>

<p style="text-align: right;">Page 30</p> <p>1 A. I think that he was actively engaged in those</p> <p>2 negotiations.</p> <p>3 Q. Was Mr. Montgomery engaged in the negotiations</p> <p>4 and discussions on the Limited Solicitation Agreement?</p> <p>5 MR. SLOVAK: Objection.</p> <p>6 A. I don't know the answer to that.</p> <p>7 Q. (By Mr. Hoodenpyle) Did Mr. Montgomery ever</p> <p>8 lead any calls updating people on the process of -- the</p> <p>9 progress of the limited solicitation negotiations?</p> <p>10 A. Not to my recollection. I recall him leading</p> <p>11 calls solely on the APA.</p> <p>12 Q. How many calls had Mr. Montgomery led on the</p> <p>13 APA?</p> <p>14 A. Quite a few. Just a second, and I'll give you</p> <p>15 an answer.</p> <p>16 So I would say at least nine calls maybe</p> <p>17 that I was on relative to the APA. And if we could back</p> <p>18 up, as I was speaking this answer, I -- I just -- I</p> <p>19 don't -- I recall there was some level of involvement on</p> <p>20 the solicitation piece, on the solicitation agreement.</p> <p>21 I just don't know to what extent. I don't have</p> <p>22 firsthand knowledge of it. I don't want to say</p> <p>23 something I don't know personally.</p> <p>24 Q. Okay. So by some level of involvement, you</p> <p>25 mean Tom Montgomery had some level of involvement; you</p>	<p style="text-align: right;">Page 32</p> <p>1 with him where you wanted the senior folks to get a</p> <p>2 piece of the business in the deal?</p> <p>3 MR. SLOVAK: Objection, form.</p> <p>4 A. Yes. Anybody that we talked to about</p> <p>5 potentially becoming an investor, helping us with a plan</p> <p>6 of reorganization, a principal discussion has all been</p> <p>7 that we would like to set up a profit sharing program</p> <p>8 for them.</p> <p>9 Q. (By Mr. Hoodenpyle) Okay. And is that true of</p> <p>10 post-petition conversations?</p> <p>11 MR. SLOVAK: Objection.</p> <p>12 A. Really, I believe -- post-petition</p> <p>13 conversations, I just don't recall. I believe that</p> <p>14 those are really centered around the Rovia asset in</p> <p>15 trying to get a commitment either to -- for its purchase</p> <p>16 or, you know, for us to potentially segregate it and set</p> <p>17 up a purchase. I just don't recall. I'm not saying it</p> <p>18 didn't happen. Really, my goal there was to get him</p> <p>19 moved as quickly to conversation as the TRO as soon as</p> <p>20 possible.</p> <p>21 Q. (By Mr. Hoodenpyle) My question about whether</p> <p>22 you had a conversation with Mr. Ben Shabat on December</p> <p>23 12th about the senior folks getting a piece of the</p> <p>24 business, I mean, an ownership piece, not just profits.</p> <p>25 Did you have a communication with Mr. Ben Shabat on</p>
<p style="text-align: right;">Page 31</p> <p>1 just don't know to what extent; is that right?</p> <p>2 A. Right. I don't know if he was CC or a direct</p> <p>3 negotiator. I just don't know.</p> <p>4 Q. Do you recall having a call -- or did you have</p> <p>5 any calls with Izhak Ben Shabat in December before the</p> <p>6 bankruptcy filing about Mr. Ben Shabat investing or</p> <p>7 continuing the conversations for the Asset Purchase</p> <p>8 Agreement?</p> <p>9 A. I believe so, yes.</p> <p>10 Q. Do you recall who called who in those</p> <p>11 communications?</p> <p>12 A. No. I'm sure that I called. I'm sure that I</p> <p>13 received calls from him.</p> <p>14 Q. Do you recall --</p> <p>15 THE REPORTER: I'm sorry. Wait. I didn't</p> <p>16 get the last part of that.</p> <p>17 THE WITNESS: And I'm sure I received</p> <p>18 calls from him as well.</p> <p>19 Q. (By Mr. Hoodenpyle) Do you recall a</p> <p>20 conversation with Mr. Ben Shabat on December 12th of</p> <p>21 last year?</p> <p>22 A. I just don't recall. I'm sorry. I'm not</p> <p>23 saying it didn't happen; I just don't recall.</p> <p>24 Q. Do you recall a conversation with Mr. Ben</p> <p>25 Shabat on December 12th last year where you discussed</p>	<p style="text-align: right;">Page 33</p> <p>1 December 12th about the senior folks getting a -- an</p> <p>2 ownership percent?</p> <p>3 MR. SLOVAK: Objection, form.</p> <p>4 A. Maybe. I mean, I would lean towards yes. That</p> <p>5 was my goal, to get some resolution to the asset.</p> <p>6 Q. (By Mr. Hoodenpyle) Okay. Do you remember</p> <p>7 telling Mr. Ben Shabat that you and -- you and Paul</p> <p>8 Jenkins wanted to have an ownership percentage and Eric,</p> <p>9 too, maybe, but Eric didn't seem too interested?</p> <p>10 Does that ring a bell?</p> <p>11 MR. SLOVAK: Objection, form.</p> <p>12 A. No, it doesn't ring a bell. I mean, I'm</p> <p>13 sure -- I've learned that all conversations with -- or</p> <p>14 most of my conversations were recorded. So if there's a</p> <p>15 recording, that might be an instance.</p> <p>16 MR. HOODENPYLE: Object as nonresponsive.</p> <p>17 Q. (By Mr. Hoodenpyle) As you sit here today, you</p> <p>18 don't recall a conversation where you told Mr. Ben</p> <p>19 Shabat that you and Paul Jenkins wanted some ownership</p> <p>20 interest and that Eric might be interested in that as</p> <p>21 well?</p> <p>22 MR. SLOVAK: Objection, form.</p> <p>23 A. I'd say it's a high likelihood that that</p> <p>24 conversation occurred, yes, sir.</p> <p>25 Q. (By Mr. Hoodenpyle) Do you recall discussing</p>

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1 with Mr. Ben Shabat that the company -- that you could
2 buy a company as a shell and then buy the assets from
3 WorldVentures?

4 MR. SLOVAK: Objection, form.

5 A. I remember talking about specifically Asset
6 Purchase Agreement and buying the company as, you know,
7 free and clear in the 363 Asset Purchase Agreement.
8 That's what I remember, but not the word "shell."
9 That's the only thing I don't remember. I don't know
10 where a shell would come up with the -- frankly, in an
11 Asset Purchase Agreement, it's one of the cleanest ways
12 to buy, so I just don't recall the Asset Purchase
13 Agreement part of that conversation.

14 Q. (By Mr. Hoodenpyle) I lost your testimony
15 there.

16 What's the cleanest way to buy?

17 A. A healthy business, a price agreed upon by
18 seller and buyer.

19 Q. Okay. Well, I mean, people set up -- get shell
20 companies and go in and buy assets all the time, right,
21 if you're familiar with that process?

22 MR. SLOVAK: Objection.

23 Again, what does any of this have to do
24 with the temporary injunction?

25 MR. HOODENPYLE: It's got a lot to do with

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1 your -- the bad faith enforcement of the noncompete
2 agreement.

3 Q. (By Mr. Hoodenpyle) So did you discuss with
4 Mr. Ben Shabat buying the stock of company through a
5 shell company?

6 MR. SLOVAK: Objection, form.

7 A. I would -- I just don't recall having that
8 discussion. I just don't recall specifically that
9 discussion. I would have had a discussion relative to
10 an Asset Purchase Agreement in the 363. That's really
11 roughly where I would have had the conversations. I
12 just don't recall it. I'm sorry.

13 Q. (By Mr. Hoodenpyle) Did you tell Mr. Ben
14 Shabat that you were going to take control of the
15 company in the bankruptcy?

16 MR. SLOVAK: Objection, form.

17 A. No. I told -- I told him that the company
18 would -- CRO would take control of the company and that
19 the company had independent directors and the -- there
20 were two independent directors, Judge Nelms, Jim
21 Colendra, and then you had Wayne Nugent, and that was
22 the board of directors. And so the ownership and the
23 ownership stock, the moment that you file bankruptcy,
24 obviously, is not any -- any more important than the
25 debt due to the estate.

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1 MR. HOODENPYLE: Object as nonresponsive.

2 Q. (By Mr. Hoodenpyle) My question, Mr. Poates,
3 is: Did you tell Mr. Ben Shabat that you would take
4 control of the company through the bankruptcy?

5 A. Yes.

6 Q. And you did tell him that. And you also told
7 them that you would like to keep working with Seacret.
8 That's why you've kept yourself in the position that
9 you're in at WorldVentures; is that right?

10 A. Absolutely.

11 MR. SLOVAK: Objection.

12 A. Yes.

13 Q. (By Mr. Hoodenpyle) So to get a position after
14 the -- going through the bankruptcy process, that's why
15 you had hoped to have an ownership interest and to
16 continue working for Seacret after that process,
17 correct?

18 MR. SLOVAK: Objection.

19 A. No.

20 Q. (By Mr. Hoodenpyle) Okay. But you told Izhak
21 Ben Shabat there was no way that Wayne Nugent would end
22 up in -- with any equity after this process; is that
23 correct?

24 MR. SLOVAK: Objection, form.

25 A. Yes, it was. I -- Wayne would have to come up

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1 with a purchase price of the business. So under that,
2 yes, I said that.

3 Q. (By Mr. Hoodenpyle) And then you were using
4 your position with the debtors to try to negotiate a
5 position where you would have equity and Mr. Nugent
6 would not have any equity; isn't that true?

7 MR. SLOVAK: Objection.

8 A. No.

9 Q. (By Mr. Hoodenpyle) Were there any discussions
10 in December related to moving two employees over to
11 Seacret before the bankruptcy was filed?

12 A. I don't recall.

13 Q. The debtors' bankruptcy case was filed on
14 December 21st, 2020; is that correct?

15 A. Yes, sir.

16 Q. And did anyone on behalf of the debtors request
17 that Eddie Head resign after the bankruptcy was filed?

18 A. I don't remember. I don't know. There was a
19 lot going on at that time.

20 Q. Did you ever ask Mr. Head to resign?

21 A. Yes, I did.

22 Q. When did you ask Mr. Head to resign?

23 A. I told Eddie -- I think it was the first week
24 in January, if I'm not mistaken.

25 Q. Well, we'll look at it in a minute, but

<p style="text-align: right;">Page 38</p> <p>1 Mr. Head resigned on December 31st, correct?</p> <p>2 A. Yes, sir.</p> <p>3 Q. So if you asked him to resign, it would have</p> <p>4 been before that, right?</p> <p>5 A. Yes, sir.</p> <p>6 Q. Okay. So did you call and ask Eddie Head to</p> <p>7 resign before he tendered his resignation?</p> <p>8 A. I told Eddie -- yes, sir.</p> <p>9 Q. Okay. Did you -- what did you tell Eddie?</p> <p>10 A. That based on -- that we were going to</p> <p>11 eliminate the role, and that he wanted to be given a</p> <p>12 heads-up and asked if I would do that courtesy. I -- we</p> <p>13 had that discussion prior, and I said absolutely. And I</p> <p>14 provided the -- I provided him that courtesy. I</p> <p>15 thought -- yeah, that's what I did.</p> <p>16 Q. Okay. Did you discuss if Mr. Head would</p> <p>17 provide a two-week notice?</p> <p>18 A. Yes, sir.</p> <p>19 Q. Okay. And what else was discussed?</p> <p>20 A. I don't recall.</p> <p>21 Q. Was that in a conversation, a phone</p> <p>22 conversation the day before Mr. Head -- or a day or two</p> <p>23 before Mr. Head resigned?</p> <p>24 A. I don't recall. I'm sorry.</p> <p>25 Q. In that conversation, did Mr. Head commit to</p>	<p style="text-align: right;">Page 40</p> <p>1 about Ray Balestri sending a cease and desist to</p> <p>2 Mr. Head and to Seacret in being involved and looked at</p> <p>3 e-mails showing Mr. Balestri said: We just want</p> <p>4 attorneys to be involved in these discussions.</p> <p>5 Do you recall that? I'll pull it up if</p> <p>6 you want to see it.</p> <p>7 Do you recall that?</p> <p>8 A. Yes, I do recall.</p> <p>9 Q. Okay. And I can pull up the e-mail. I think</p> <p>10 that was on October 21st when Mr. Balestri sent that</p> <p>11 e-mail.</p> <p>12 Does that sound right?</p> <p>13 A. I believe so.</p> <p>14 Q. Okay. I'm going to share my screen.</p> <p>15 And do you recall on October 31st of last</p> <p>16 year that you joined in on a conference call that was a</p> <p>17 Seacret conference call with Seacret and its counsel?</p> <p>18 You recall that?</p> <p>19 A. No, I don't recall.</p> <p>20 Q. This is Exhibit -- Defendant's Exhibit 30, and</p> <p>21 this is an e-mail on October 31st, 2020, from John Kelly</p> <p>22 to Ray Balestri, and Mr. Kelly says:</p> <p>23 Ray: Just a quick note to let you know</p> <p>24 that Marvin and I were on a call with our clients this</p> <p>25 morning and Mike Poates joined. I told Mike that I'd</p>
<p style="text-align: right;">Page 39</p> <p>1 helping with the transaction with Seacret anyway</p> <p>2 regardless of his resignation?</p> <p>3 A. Yes, sir, he did.</p> <p>4 Q. So what was discussed about that?</p> <p>5 A. I mean, generally, just that. I don't -- I</p> <p>6 don't remember a word in point that -- I recall Eddie</p> <p>7 being graceful and professional and he said that -- that</p> <p>8 he would continue to help the -- help get a deal done</p> <p>9 and get the APA pushed to the finish line with respect</p> <p>10 to the APA becoming potentially soft and bitter for the</p> <p>11 company.</p> <p>12 MR. HOODENPYLE: We've been going about an</p> <p>13 hour. We can take a short little break, Rob.</p> <p>14 MR. SLOVAK: Whatever you say. It's your</p> <p>15 depo. That's okay with me.</p> <p>16 MR. HOODENPYLE: Okay.</p> <p>17 THE VIDEOGRAPHER: Off the record. Going</p> <p>18 off the record, 3:57.</p> <p>19 (A recess was taken from</p> <p>20 3:57 p.m. to 4:13 p.m.)</p> <p>21 THE VIDEOGRAPHER: Going back on the</p> <p>22 record, 4:13 p.m.)</p> <p>23 Q. (By Mr. Hoodenpyle) Mr. Poates, I want to go</p> <p>24 back to October for a minute.</p> <p>25 We have gone through a line of questioning</p>	<p style="text-align: right;">Page 41</p> <p>1 prefer to have you, as WV's counsel, present (since he</p> <p>2 was talking to Seacret and its lawyers), but he said</p> <p>3 that it wasn't necessary to have WV's lawyers on the</p> <p>4 call. He basically shared with us that WVH is</p> <p>5 considering organization through bankruptcy and that WV</p> <p>6 would like to change our discussions to contemplate some</p> <p>7 sort of interim management agreement which would allow</p> <p>8 WV agents to migrate over to Seacret and keep selling</p> <p>9 products and services.</p> <p>10 Does that sound like an accurate</p> <p>11 representation of your discussion with Mr. Kelly and his</p> <p>12 clients on October 31st?</p> <p>13 A. Yes.</p> <p>14 Q. But judging by Mr. Kelly's e-mail, it looks</p> <p>15 like it was your idea to enter into this interim</p> <p>16 management agreement.</p> <p>17 Would you agree with that?</p> <p>18 A. No, I wouldn't.</p> <p>19 Q. To your knowledge, had there been any</p> <p>20 discussion about this interim management agreement</p> <p>21 before you brought it up on the October 31st phone call?</p> <p>22 A. I don't recall.</p> <p>23 Q. Going back to December, the debtors filed for</p> <p>24 bankruptcy on December 21st, and at that time, the</p> <p>25 debtors were involved in -- well, the plan, I guess, was</p>

<p style="text-align: right;">Page 42</p> <p>1 to have a prepackaged deal where Seacret would come in 2 and purchase the assets. 3 Wasn't that the original plan? 4 A. Yes, sir. 5 Q. By the date that the debtors filed for 6 bankruptcy on December 21st, there was not a deal for a 7 prepackaged claim; is that right? 8 A. Right. 9 Q. But on that date, the petition day, the debtors 10 were still negotiating the Asset Purchase Agreement with 11 Seacret for Seacret to be the stalking-horse bidder; is 12 that correct? 13 A. I just don't recall whether that is correct or 14 not. I just -- I'm sorry. I had a lot to worry about 15 besides that. 16 Q. Okay. Who -- when did this deal break apart 17 where the debtors were no longer pursuing Seacret as a 18 stalking-horse bidder? 19 A. I don't know. 20 Q. Was it before or after the bankruptcy filing? 21 MR. SLOVAK: Objection, form. 22 A. I don't know. 23 Q. (By Mr. Hoodenpyle) Do you know whether or not 24 it was before or after the first of the year? 25 A. No, I really don't. I just was buried in just</p>	<p style="text-align: right;">Page 44</p> <p>1 Q. (By Mr. Hoodenpyle) You can see my screen 2 there. I am showing you Defendant's Exhibit Number 41. 3 And this is an e-mail from Mr. Head to you on December 4 28th. 5 Do you see that? 6 A. Yes, sir. 7 Q. And do you recall receiving this e-mail? 8 A. Yes, sir. 9 Q. Okay. And I'll give you a minute to read it. 10 Just -- you can -- is it big enough for you to read 11 there? 12 A. Yes. Thank you very much for that. 13 (Witness perusing document.) 14 Q. Just let me know when you want me to scroll 15 down. 16 A. You can scroll down. 17 Q. (Complies.) 18 A. Thank you. 19 Q. There's another page. Just let me know when 20 you're ready to move to the next page. 21 A. Go ahead and scroll. 22 Q. (Complies.) 23 A. Thank you. 24 (Witness perusing document.) 25 I've completed the reading.</p>
<p style="text-align: right;">Page 43</p> <p>1 the business of getting the company into the bankruptcy 2 and managing there, so I just don't recall. 3 Q. Before the bankruptcy was filed, the debtor had 4 to know whether discussions with any other suitor as a 5 potential stalking horse; is that right? 6 A. Yes. I believe we had had discussions with 7 other folks prior to the filing -- prior to filing. I 8 believe we did have discussions with other folks. 9 Q. Who had you had discussions with about being a 10 stalking-horse bidder prior to the petition date? 11 MR. SLOVAK: Objection form. 12 And look, this is well beyond the scope of 13 what's at issue in the TI. It was a topic that you 14 noticed for corporate representative and we objected to 15 it because it's well beyond the scope of the TI, and so 16 I'm not going to let him testify about it. I'm going to 17 instruct him not to answer. 18 MR. HOODENPYLE: Okay. Well, it's issues 19 that y'all raised and are relevant to our defenses. 20 Q. (By Mr. Hoodenpyle) Are you going to refuse to 21 answer my questions, Mr. Poates? 22 A. Yes, based on counsel's recommendation. 23 Q. Okay. I'll take you back to December 28th and 24 show you an e-mail. 25 (Counsel displays document.)</p>	<p style="text-align: right;">Page 45</p> <p>1 Q. I'm sorry. Did you read it all? 2 A. Yes, sir. I'm sorry. I said I completed it. 3 Q. Oh, okay. Thank you. 4 So what is your understanding of what 5 precipitated Mr. Head sending this e-mail to you? 6 A. I'm assuming by reading the e-mail that he had 7 concerns with the bankruptcy filing and the optics that 8 it generated for the deal. 9 Q. Okay. And the subject matter of this e-mail 10 is: Attributes for consideration and presenting APA. 11 So the e-mail addressing -- I guess the 12 better -- we're still in communication with Seacret and 13 negotiating the APA at that point; is that right? 14 A. I mean, at that point in time, I just don't 15 recall. I'm sorry. That period between 10/21 and, you 16 know, well through the first of the year, we were pretty 17 much drinking from a firehose in a bankruptcy filing, so 18 I just don't recall. I mean, it looks to be that he's 19 still engaged, and I know that we did have discussions 20 relative to his concern, you know, about the impact that 21 bankruptcy would have on the field, justifi- -- 22 justifiably. 23 Q. Who was leading the negotiations of the APA 24 with whose petition on behalf of WorldVentures? 25 A. I just -- at this point in time, I just don't</p>

<p style="text-align: right;">Page 46</p> <p>1 know. I don't -- I don't recall who was taking the</p> <p>2 lead. There's a point in time it passed on to -- to</p> <p>3 Eric, our general counsel, and you know, folks at the</p> <p>4 Foley Lardner firm and those folks. I don't know who</p> <p>5 was dealing with it, but I just -- I don't recall,</p> <p>6 frankly.</p> <p>7 Q. Okay. Well, I see your point about Eddie's</p> <p>8 concern about the field, the sales representatives.</p> <p>9 Looking at the second page of this e-mail where Eddie</p> <p>10 talks about the fear is growing because of the</p> <p>11 bankruptcy process, and more than anything, he's hearing</p> <p>12 the question of whether or not the sales representatives</p> <p>13 should continue paying their fees.</p> <p>14 And he said: The answer is obviously,</p> <p>15 "yes," with the explanation we've used prior given.</p> <p>16 What's your understanding of what he meant</p> <p>17 by "the explanation we've used prior given"?</p> <p>18 MR. SLOVAK: Objection, form.</p> <p>19 A. And I don't recall that. I'm sorry.</p> <p>20 Q. (By Mr. Hoodenpyle) Did you respond to this</p> <p>21 e-mail?</p> <p>22 A. I don't recall.</p> <p>23 Q. I guess after this e-mail was about the next</p> <p>24 day where you called Mr. Head and asked him to resign.</p> <p>25 Does that sound about right?</p>	<p style="text-align: right;">Page 48</p> <p>1 documents that have been produced, it doesn't really</p> <p>2 make any sense to me, but this is -- I'm going to show</p> <p>3 you Exhibit Number 17.</p> <p>4 (Counsel displays document.)</p> <p>5 Q. (By Mr. Hoodenpyle) This is an e-mail from</p> <p>6 Mr. Head to you four hours after that last e-mail with a</p> <p>7 little bit different e-mail.</p> <p>8 Did you receive this e-mail, Exhibit</p> <p>9 Number 17?</p> <p>10 A. It looks like I did, according to the e-mail,</p> <p>11 yes.</p> <p>12 Q. All right. I just -- it looks like -- this</p> <p>13 e-mail is earlier in time, but it looks like a more</p> <p>14 complete e-mail.</p> <p>15 Do you agree?</p> <p>16 A. But is that really an e-mail or is that just a</p> <p>17 draft?</p> <p>18 Q. This is an e-mail from Mr. Head. Apparently,</p> <p>19 somebody forwarded it on to counsel or something. Y'all</p> <p>20 designated the rest of it as privileged.</p> <p>21 All right. Well, let's look at this</p> <p>22 resignation e-mail. So Mr. Head gave you two weeks'</p> <p>23 notice by this resignation, correct?</p> <p>24 A. Yes.</p> <p>25 Q. And within the days preceding this resignation,</p>
<p style="text-align: right;">Page 47</p> <p>1 A. Yeah. I just don't recall exactly what day it</p> <p>2 was past that e-mail. I'd have to look at the e-mail to</p> <p>3 make sure that I gave you an accurate answer, so I just</p> <p>4 don't recall.</p> <p>5 Q. What e-mail would you need to look at to see</p> <p>6 what day that call was?</p> <p>7 A. Well, I would need to look at that e-mail and</p> <p>8 then look at, you know, communications to -- for the</p> <p>9 estate relative to the resignation. Then, I could</p> <p>10 triangulate when the conversation occurred.</p> <p>11 Q. Okay. Well, we've got the December 28th e-mail</p> <p>12 we just looked at, and I'll show you --</p> <p>13 A. I think, earlier, you -- I'm sorry. I'm so</p> <p>14 sorry to interrupt. Go ahead.</p> <p>15 (Counsel displays document.)</p> <p>16 Q. (By Mr. Hoodenpyle) Exhibit -- I'm showing you</p> <p>17 Exhibit 45. Is this a true and correct copy of the</p> <p>18 resignation e-mail that you receive from Mr. Head?</p> <p>19 A. Yes, sir. So this must be the 31st of</p> <p>20 January -- of December, I'm sorry.</p> <p>21 Q. This e-mail was December 31st, 2020, at</p> <p>22 5:16 p.m. where Mr. Head e-mailed you his resignation,</p> <p>23 correct?</p> <p>24 A. Yes.</p> <p>25 Q. And he's trying to understand -- with all the</p>	<p style="text-align: right;">Page 49</p> <p>1 you had had a discussion with Mr. Head that he was going</p> <p>2 to go work at Seacret; isn't that correct?</p> <p>3 MR. SLOVAK: Objection, form.</p> <p>4 A. I don't recall. I really don't recall the</p> <p>5 discussion.</p> <p>6 Q. (By Mr. Hoodenpyle) Okay. So if Mr. Head</p> <p>7 testified that y'all had a conversation in the days</p> <p>8 preceding this, that he was going to go work at Seacret,</p> <p>9 you have no reason to dispute that; is that correct?</p> <p>10 A. I just -- I really just don't recall that</p> <p>11 discussion.</p> <p>12 Q. Okay. Well, I guess the point I'm getting at,</p> <p>13 Mr. Poates, between now and next Friday, you're going to</p> <p>14 have a different recollection.</p> <p>15 Is there any reason why you would dispute</p> <p>16 that Mr. Head will -- if he testified that y'all</p> <p>17 discussed he's going to work at Seacret, would you have</p> <p>18 any reason to dispute that?</p> <p>19 A. I would say I don't recall having that</p> <p>20 discussion. That's all.</p> <p>21 Q. Okay.</p> <p>22 A. You know what, I don't recall having -- I just</p> <p>23 don't recall having that discussion, sir. I'm sorry.</p> <p>24 Q. Okay. And it looks like in the second</p> <p>25 paragraph, he notes that in the bankruptcy process,</p>

<p style="text-align: right;">Page 50</p> <p>1 things will be streamlined and this will help reduce</p> <p>2 this to an end. His resignation would actually be a</p> <p>3 benefit to the bankruptcy estate; isn't that right?</p> <p>4 MR. SLOVAK: Objection.</p> <p>5 A. You know, I considered -- no. I would say, it</p> <p>6 wouldn't be a benefit to the estate. I think that he</p> <p>7 was a good leader. I think that from -- from my</p> <p>8 perspective, anyway, he did what I had asked him to do</p> <p>9 for the bankruptcy process. That's what I'm referring</p> <p>10 to in a good leader way.</p> <p>11 So, yeah. You know what, in thinking</p> <p>12 about this out loud, yes, it would benefit the estate</p> <p>13 because the salary would be redacted in that -- in that</p> <p>14 term, yes.</p> <p>15 Q. (By Mr. Hoodenpyle) Okay. Let me go to the</p> <p>16 second-to-the-last paragraph, the second sentence, he</p> <p>17 says: Additionally, we will need to address my removal</p> <p>18 from the director role on several entities supporting</p> <p>19 the business globally, any regulatory or litigation</p> <p>20 subjects and the NPO board seat and further wind-down.</p> <p>21 Have you addressed Mr. Head's positions on</p> <p>22 various boards with these entities?</p> <p>23 A. I don't know the current status.</p> <p>24 Q. Have the debtors removed Mr. Head from all the</p> <p>25 boards that he was affiliated with?</p>	<p style="text-align: right;">Page 52</p> <p>1 tell you if this one went to team members internal to</p> <p>2 the company or if this went out abroad.</p> <p>3 Q. Do you need me to scroll down or something to</p> <p>4 determine that?</p> <p>5 A. Yeah, if you could, just to see.</p> <p>6 Q. (Complies.)</p> <p>7 A. Could you scroll back up just a little bit and</p> <p>8 I'll be able to answer that for you. I just --</p> <p>9 Yeah. So this particular communication --</p> <p>10 thank you for the scroll -- this would have been sent to</p> <p>11 the field, to the members and reps -- no, excuse me --</p> <p>12 to the field representatives.</p> <p>13 Q. The sales representatives?</p> <p>14 A. Correct, sir.</p> <p>15 Q. Okay. And you're basically giving them an</p> <p>16 update on the bankruptcy process. Is that what you were</p> <p>17 doing?</p> <p>18 A. Yes. Every week.</p> <p>19 Q. Okay. And in this one, you mentioned that</p> <p>20 you have a stalking-horse bidder who had a bid value at</p> <p>21 \$69.5 million.</p> <p>22 Is that stalking-horse bidder still</p> <p>23 pursuing the stalking-horse bid?</p> <p>24 A. Yes.</p> <p>25 Q. And who is that stalking-horse bidder?</p>
<p style="text-align: right;">Page 51</p> <p>1 A. I can't answer that. I just don't know.</p> <p>2 Q. Who would know?</p> <p>3 A. Likely general counsel, Eric Haynes.</p> <p>4 Q. In the -- in the lawsuit that y'all filed,</p> <p>5 y'all mentioned that Mr. Head was being prosecuted in</p> <p>6 Taiwan. Are you familiar with that?</p> <p>7 A. That was before my time.</p> <p>8 Q. Okay. Do you know why Mr. Head is being</p> <p>9 prosecuted in Taiwan or he still is?</p> <p>10 A. I'm not familiar with that litigation.</p> <p>11 Q. Who would -- who would know?</p> <p>12 A. Eric Haynes, our general counsel.</p> <p>13 (Counsel displays document.)</p> <p>14 Q. (By Mr. Hoodenpyle) Mr. Poates, I'm showing</p> <p>15 you Defendant's Exhibit 19. This looks like a corporate</p> <p>16 communication that you issued on January 25th of this</p> <p>17 year. Do you see that?</p> <p>18 A. Yes, sir.</p> <p>19 Q. This was a corporate communication that you</p> <p>20 sent out on the -- I guess, as an update to -- who does</p> <p>21 this communication go out to?</p> <p>22 A. This goes out to -- so we have three different</p> <p>23 groups. We have reps, our members, and our corporate</p> <p>24 team members. I can't -- I can't see. We referred to</p> <p>25 both team members. I don't know if this is -- I can't</p>	<p style="text-align: right;">Page 53</p> <p>1 MR. SLOVAK: I'm going to object and I</p> <p>2 will instruct the witness not to answer on this point.</p> <p>3 It has nothing to do with the TI. We've objected to</p> <p>4 this.</p> <p>5 Q. (By Mr. Hoodenpyle) Are you going to refuse to</p> <p>6 answer that?</p> <p>7 A. Yes, sir.</p> <p>8 Q. I am going to pull it up.</p> <p>9 (Counsel displays document.)</p> <p>10 Q. (By Mr. Hoodenpyle) Mr. Poates, I'm showing</p> <p>11 you what's marked as Exhibit 48. And there are two</p> <p>12 e-mails here. The first is an e-mail from Jeff Gwynn to</p> <p>13 you on February 24th, 2021.</p> <p>14 Who is Jeff Gwynn?</p> <p>15 A. Jeff Gwynn is the head of corporate</p> <p>16 communications from WorldVentures, Spherature.</p> <p>17 Q. Okay. In this e-mail, he's sending you a copy</p> <p>18 of an article from MLM News that says: WorldVentures</p> <p>19 sues Eddie Head, RIP Seacret Direct merger.</p> <p>20 Did you ask for a copy of this or why was</p> <p>21 he sending it to you?</p> <p>22 A. He's instructed to send me any media relative</p> <p>23 to the brand, so he was doing as instructed.</p> <p>24 Q. Does WorldVentures have any agreements with</p> <p>25 BehindMLM blog?</p>

<p style="text-align: right;">Page 54</p> <p>1 A. Not that I'm aware of, sir.</p> <p>2 Q. Do you know if anybody at WorldVentures has</p> <p>3 spoken to anyone at the BehindMLM about this article</p> <p>4 about WorldVentures suing Eddie Head?</p> <p>5 A. Not to my knowledge. Absolutely not.</p> <p>6 Q. So later, on February 25th, 2021, you forwarded</p> <p>7 this blog article about WorldVentures showing Eddie Head</p> <p>8 to Reuven Cypers at the merchantguy@yahoo.com.</p> <p>9 Who is Reuven Cypers?</p> <p>10 A. Reuven is the head -- he's the owner of the --</p> <p>11 of our US-based processing, credit card processing.</p> <p>12 Q. And why were you sending this article to him?</p> <p>13 A. He had asked us -- we've had large chargebacks,</p> <p>14 which create -- which wreak havoc on our capacity from a</p> <p>15 processing perspective, and he had asked that we provide</p> <p>16 material updates to him, and so this is an update that I</p> <p>17 provided him and copied our CRO and counsel on.</p> <p>18 Q. Explain what a chargeback is.</p> <p>19 A. A chargeback is where somebody disputes a --</p> <p>20 disputes a charge and files with their merchant or with</p> <p>21 the credit card company a claim that the charge was</p> <p>22 fraudulent or unauthorized, and they request a refund</p> <p>23 through a chargeback, so that -- versus a refund, which</p> <p>24 we would give money back. A chargeback would actually</p> <p>25 just be a charge back onto the credit card account.</p>	<p style="text-align: right;">Page 56</p> <p>1 A. Yes, sir.</p> <p>2 Q. Your last sentence, you say: We believe this</p> <p>3 attached news, which you're referring to, is the lawsuit</p> <p>4 against Eddie Head as the attached news, correct?</p> <p>5 A. I think, generally, I referred to the whole</p> <p>6 letter. Yes, that's part of it, but also, I'm finding</p> <p>7 the folks that were asking folks -- or teaching folks</p> <p>8 how to chargeback, and also, additionally, update on the</p> <p>9 APA and 363 collectively made up that week's news</p> <p>10 update.</p> <p>11 Q. Okay. Well, you said "the attached news," and</p> <p>12 there's an attachment. And the attachment is the</p> <p>13 article on WorldVentures' lawsuit against Eddie Head,</p> <p>14 correct?</p> <p>15 A. Yes.</p> <p>16 Q. So by attached news, you were talking about the</p> <p>17 article, the lawsuit against Mr. Head, right?</p> <p>18 A. That's one of the things I was talking about,</p> <p>19 yes.</p> <p>20 Q. Well, that was the only thing that was</p> <p>21 attached, isn't it? That's the only thing attached to</p> <p>22 that e-mail?</p> <p>23 A. Was it an attachment per se or copied? And I'm</p> <p>24 not trying to -- I just want to understand. That's all,</p> <p>25 sir.</p>
<p style="text-align: right;">Page 55</p> <p>1 Q. Okay. Why is this e-mail material for</p> <p>2 chargebacks for the article, I should say? Why was that</p> <p>3 article material to chargeback?</p> <p>4 A. We -- we had -- we were receiving a lot of</p> <p>5 pressure from our US-based processor on what is being</p> <p>6 done to curtail the chargebacks. And so this particular</p> <p>7 e-mail stream discussed that we had found and noticed</p> <p>8 individual or individuals -- I'm not sure if it's</p> <p>9 multiple folks -- that -- that were on Facebook teaching</p> <p>10 people how to scam us for three months' worth of dues.</p> <p>11 And then on top of that, we -- when we</p> <p>12 filed, we committed to the US processor that we would</p> <p>13 provide all news and all relevant updates to them every</p> <p>14 week for the weekly update. And so I provide these</p> <p>15 folks an update every single week of the brand, where</p> <p>16 we're at status on -- status on the 363 and, you know,</p> <p>17 any happenings of interest.</p> <p>18 Q. All right. You're not saying that Mr. Head is</p> <p>19 affiliated in any way about this scam of three months of</p> <p>20 dues?</p> <p>21 A. No, absolutely not.</p> <p>22 Q. When you say that you're finalizing terms of</p> <p>23 the APA with your stalking horse, are you referring to</p> <p>24 the same one that you were referring to in that</p> <p>25 January 25 communication with the field?</p>	<p style="text-align: right;">Page 57</p> <p>1 Q. You see where it says attachments?</p> <p>2 A. Okay. All right. There you go. Yes, yes. I</p> <p>3 agree with that.</p> <p>4 Q. So that lawsuit against Eddie Head was the only</p> <p>5 attachment, correct?</p> <p>6 A. Correct. Thank you.</p> <p>7 Q. All right. So that's what you meant by "the</p> <p>8 attached news"; is that right?</p> <p>9 A. Yes.</p> <p>10 Q. And you say: We believe this attached news and</p> <p>11 the possibility that we engage a prior CEO and owner to</p> <p>12 help bring folks back will collectively slow the</p> <p>13 conveyance to Seacret.</p> <p>14 The prior CEO and owner, who are you</p> <p>15 referring to there?</p> <p>16 A. Dan Stammen.</p> <p>17 Q. Are the debtors working on a deal with Dan</p> <p>18 Stammen to come back as an employee or to make a bid?</p> <p>19 MR. SLOVAK: Objection, form.</p> <p>20 Again, this has absolutely nothing to do</p> <p>21 with the TI. I'm going to instruct him not to answer.</p> <p>22 Q. (By Mr. Hoodenpytle) Are you going to follow</p> <p>23 that instruction?</p> <p>24 A. Yes, sir.</p> <p>25 Q. You said that this will collectively slow the</p>

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1 conveyance to Seacret. What do you mean -- what
2 conveyance are you referring to?
3 A. I'm referring to the -- the folks that had
4 moved to Seacret away from WorldVentures, generally, the
5 membership and the rest.
6 Q. Do you mean -- so by collectively slowing the
7 conveyance to Seacret, you mean you're hoping to slow
8 down people leaving WorldVentures to go to work for
9 Seacret?
10 A. We're hoping to have a fighting chance, yes,
11 sir; that we have lost quite a bit of sales since the
12 solicitation agreement and we are hoping that this news,
13 all of it there, would slow folks from leaving and going
14 to Seacret. That was our hope. I look at -- that
15 was -- that's generally the hope that I had.
16 Q. And you say you're continuing to market the
17 company to potential buyers.
18 Does that include to Seacret?
19 A. Yes. I believe that it -- it's my
20 understanding that the -- our -- that Marcus health
21 has -- and ARIIX CRO has an Asset Purchase Agreement on
22 file potentially for -- for the purchase, but I --
23 that's just something I really can't answer. We are
24 actively marketing, but to the extent that Seacret is
25 being discussed, if it's being discussed, it's outside

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1 of my purview personally.
2 Q. Have the debtors exchanged any money to anyone
3 related to the BehindMLM blog or anyone affiliated with
4 it?
5 A. Not to my knowledge, sir.
6 MR. HOODENPYLE: Okay. Let's go off just
7 a minute or two, Rob, see if I have anything left.
8 MR. SLOVAK: Okay. How long do you want?
9 MR. HOODENPYLE: Two minutes is good.
10 MR. SLOVAK: Okay.
11 THE VIDEOGRAPHER: Off the record, 4:48.
12 (A recess was taken from
13 4:48 p.m. to 4:51 p.m.)
14 THE VIDEOGRAPHER: Back on the record,
15 4:51 p.m.
16 Q. (By Mr. Hoodenpyle) Mr. Poates, have you
17 personally done anything to investigate whether Seacret
18 has contracted with Gini Trask or her company?
19 A. Personally, no. Our -- personally, no.
20 Q. You haven't spoken to Ms. Trask or tried to
21 reach out to her or anything like that, e-mailed her?
22 A. No, sir. I don't believe so. Until this --
23 until this whole thing came up, I didn't need to know
24 that.
25 Q. Okay. Do you know if anybody else has tried to

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1 reach out to her or determine whether or not there's
2 even a relationship -- contractual relationship there
3 with Seacret?
4 A. I don't know. I don't know if anybody's
5 reached out.
6 Q. Okay.
7 MR. HOODENPYLE: At this time, we'll pass
8 the witness for purposes of this expedited deposition.
9 MR. SLOVAK: We are reserving our
10 questions until the time of the temporary injunction
11 hearing.
12 MR. HOODENPYLE: Okay. We can go off the
13 record.
14 THE WITNESS: Thank you, sir.
15 THE VIDEOGRAPHER: Off the record at
16 4:52 p.m.
17 (Off the record at 4:52 p.m.)
18 - - - - -
19
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1 CHANGES AND SIGNATURE
2 WITNESS NAME: MICHAEL POATES
3 DATE OF DEPOSITION: MARCH 10, 2021
4
5 Please indicate changes on this sheet of paper,
6 giving the change, page number, line number and reason
7 for the change. Please sign each page of changes.
8
9
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1 I, MICHAEL POATES, have read the foregoing
deposition and hereby affix my signature that same is
2 true and correct, except as noted on the previous
page(s), and that I am signing under penalty of perjury.
3
4
5
6 _____
MICHAEL POATES, VOLUME 1
7
8
9
10
11
12
13
14 _____ No changes made _____ Amendment Sheet(s) attached
15
16 IN RE:
17 SPHERATURE INVESTMENTS LLC, et al.
18 -----
19 SPHERATURE INVESTMENTS LLC, et al. d/b/a
20 WORLD VENTURES HOLDINGS, LLC,
21 VS.
22 KENNETH E. HEAD
23
24
25 JOB NO. 2-375341

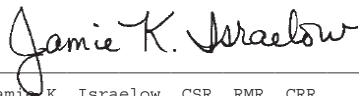
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1 IN THE UNITED STATES BANKRUPTCY COURT
2 FOR THE EASTERN DISTRICT OF TEXAS
3 SHERMAN DIVISION
4
5 IN RE:)
SPHERATURE INVESTMENTS) Chapter 11
6 LLC, et al.)
CASE NO. 20-42492
7 -----)
SPHERATURE INVESTMENTS)
8 LLC, et al. d/b/a WORLD)
9 VENTURES HOLDINGS, LLC,)
Plaintiff,)
10 VS.) Adversary No. 21-04058
11 KENNETH E. HEAD,)
12 Defendant.)
13 REPORTER'S CERTIFICATION OF THE ORAL, VIDEOTAPED
14 AND VIDEOCONFERENCED DEPOSITION OF
15 MICHAEL POATES
16 March 10, 2021
17 I, Jamie K. Israelow, a Certified Shorthand
18 Reporter duly commissioned and qualified in and for the
19 State of Texas, Registered Merit Reporter and Certified
20 Realtime Reporter, do hereby certify to the following:
21 That the witness, MICHAEL POATES, was duly sworn by
22 the officer and that the transcript of the oral
23 deposition is a true record of the testimony given by
24 the witness:
25 That the original transcript was delivered to Mr.

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1 Todd A. Hootenpyle.
2 That a copy of the certificate was served on all
3 parties and/or the witness shown herein on
4 _____.
5 I further certify that pursuant to FRCP Rule
6 30(f)(1) that the signature of the deponent:
7 _____ was requested by the deponent or a party before
8 the completion of the deposition and that signature is
9 to be before any notary public and returned within 30
10 days from date of receipt of the transcript. If
11 returned, the attached Changes and Signature Page
12 contains any changes and the reasons therefor;
13 _____ was not requested by the deponent or a party
14 before the completion of the deposition.
15 I further certify that I am neither attorney or
16 counsel for, nor related to or employed by any of the
17 parties to the action in which this deposition is taken,
18 and further that I am not a relative or employee of any
19 attorney or counsel employed by the parties hereto, or
20 financially interested in the action.
21
22
23
24
25

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1 CERTIFIED TO BY ME on this _____ day of
2 _____, 2021.
3
4 
5
6 Jamie K. Israelow, CSR, RMR, CRR
Texas CSR 3801
Expiration Date: 4/30/2021
7 US Legal Support-Dallas
CRCB Registration No. 343
8 8144 Walnut Hill Lane, Suite 350
Dallas, Texas 75231
9 214.741.6001
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1 COUNTY OF DALLAS)
 2 STATE OF TEXAS)
 3 I hereby certify that the witness was notified
 4 on _____ that the witness has 30 days (or
 5 _____ days per agreement of counsel) after being
 6 notified by the officer that the transcript is available
 7 for review by the witness and if there any changes in
 8 the form or substance to be made, then the witness shall
 9 sign a statement reciting such changes and the reasons
 10 given by the witness for making them;
 11 That the witness's signature was/was not
 12 returned as of _____.
 13 Subscribed and sworn to on this, the _____
 14 day of _____, 2021.
 15
 16
 17
 18

 Jamie K. Israelow, CSR, RMR, CRR
 Texas CSR 3801
 Expiration Date: 4/30/2021
 US Legal Support-Dallas
 CRCB Registration No. 343
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23
 24 Charge for transcript and exhibits \$ _____
 To be paid by the Defendant / Mr. Todd A. Hoodenpyle
 25 JOB NO. 2-375341

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